

Daily Report

China

FBIS-CHI-94-106

CONTENTS

2 June 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Holds Weekly News Conference	1
Urges 'Dialogues' on DPRK Issue [XINHUA]	1
Notes Stand on DPRK Nuclear Issue [XINHUA]	1
Sees Chance for 'Proper Settlement' [Tokyo KYODO]	1
Chen Muhua To Attend Women's Conference [XINHUA]	1
Australian Deputy Premier To Visit [XINHUA]	2
Estonian President To Visit [XINHUA]	2
Maltese Premier To Visit [XINHUA]	2
ASEAN Delegation To Visit [XINHUA]	2
Peruvian President To Visit [XINHUA]	2
Vanuatuan Premier To Visit Shanghai [XINHUA]	2
Air Force Commander Departs for Russia, Egypt [XINHUA]	2
U.S. Denies Plan To Seek DPRK Sanctions [XINHUA]	2
President Clinton Arrives in Rome for D-Day Commemoration [XINHUA]	3
Beijing To Host 15th World Petroleum Conference [XINHUA]	3
Next Asia-Pacific Trade Fair Planned for Beijing [XINHUA]	3
Russia To Repay Bulgarian Debts With Weapons [XINHUA]	4

United States & Canada

Rong Yiren Receives U.S. Securities Figure [XINHUA]	4
NPC Vice Chairman Meets U.S. Social Activist [XINHUA]	4
'Special Article' Views President Clinton's Policy [Hong Kong WEN WEI PO 29 May]	5

Northeast Asia

PRC, Japanese Officials Discuss DPRK Nuclear Issue [XINHUA]	6
Discuss Bilateral Ties [XINHUA]	6
Navy Magazine Says Japan Taking 'New Militaristic Path' [Tokyo KYODO]	6
Japan's Democratic Socialist Party Chairman Resigns [XINHUA]	7
CPPCC's Wu Xueqian Receives Japanese Delegation [XINHUA]	7
XINHUA Cites DPRK Spokesman on Nuclear Issue	7
Government Supports ROK-Russian Talks on Nuclear Issue [Seoul Radio]	8

Southeast Asia & Pacific

Cambodia's Sihanouk Arrives for 'Good-Will' Visit [XINHUA]	8
Yunnan Governor Meets Laotian Visitors [XINHUA]	8
Beijing Reception Held To Mark Sino-Malaysian Ties [XINHUA]	8
CPC Official Discusses Anticorruption With Thai Guests [XINHUA]	9
Thai Armed Forces Chief of Staff Leaves For Shanghai [XINHUA]	9

Near East & South Asia

Government To Allow Tibetan Sect Leader To Travel to India [Tokyo KYODO]	9
--	---

Sub-Saharan Africa

NPC Vice Chairman Meets Guinean Supreme Court President [XINHUA]	10
--	----

West Europe

EU 'Further' Demonstrates Support For GATT Bid [XINHUA]	10
Editorial Views Future of UK Prime Minister [Hong Kong WEN WEI PO 7 May]	10
Spanish Commerce Minister Discusses Trade Relations [XINHUA]	11

East Europe

Polish House Speaker Holds News Conference in Beijing [XINHUA]	12
--	----

NATIONAL AFFAIRS

Political & Social

Deng Reportedly To Tour Beijing in 1994 [Hong Kong TA KUNG PAO 1 Jun]	13
'Steel Security Net' Reportedly Descends in Beijing [AFP]	13
Jiang Zemin Views Study of Deng's Theory [XINHUA]	14
Jiang Zemin, Chen Xitong Tour Park in Beijing [XINHUA]	16
Li Peng Views Work To Alleviate Poverty [QIUSHI 16 May]	16
Li Peng Meets Outstanding Young Scientists [XINHUA]	20
Former CPPCC Standing Committee Member Dies [XINHUA]	20
'Leadership' Permits Zhao Ziyang To Move to Chengdu [Hong Kong SOUTH CHINA MORNING POST 2 Jun]	20
Tian Jiyun Inspects Shanxi Province [XINHUA]	20
CPC Reportedly Concerned About Labor Unrest [Hong Kong TANGTAI 15 May]	21
Chen Jinhua Reviews Price Inspection Results [XINHUA]	24
Commentator on Reform, Development, Stability [QIUSHI 16 May]	25
Public Security Ministry Cracks Down on Fake Police [XINHUA]	27
State Council Publishes White Paper on Women [XINHUA]	28
Discusses Equal Rights for Women [XINHUA]	28
Says Women Making 'Conspicuous Progress' [XINHUA]	29
Says 'Feudal' Marital System Now Ended [XINHUA]	30
Says China Participating in Women's Forums [XINHUA]	30
Says Women Increasing in Leadership Posts [XINHUA]	31
Discusses Safeguarding Women's Rights [XINHUA]	32
Views Women's Economic Progress [XINHUA]	33
Views Women's Improved Societal Status [XINHUA]	34
China To Name First Foreign Academicians [XINHUA]	34
Public Health Ministry Holds AIDS Seminar [RENMIN RIBAO 1 Jun]	35
CAAC Bans Coercive Sale of Passenger Insurance [XINHUA]	35
State Council Appoints, Removes Officials [XINHUA]	36

Science & Technology

Article Views Patent Protection for Technology Imports [CHINA DAILY 2 Jun]	36
--	----

Military

Commentator Views Implementing Conscription Law [RENMIN RIBAO 31 May]	37
---	----

Economic & Agriculture

Growth of Investment in Fixed Assets Falls 'Sharply' [XINHUA]	38
---	----

Inspection Discovers Excessive Fixed Assets Investment [Hong Kong MING PAO 29 May]	38
Ministries, Commissions Discuss Economic Coordination [ZHONGGUO XINWEN SHE]	39
Nation Enhancing Support for Technical Transformation [XINHUA]	40
Report Cites Enterprise Inflexibility [ZHONGGUO TONGXUN SHE]	40
Minister Emphasizes Improving State-Owned Enterprises [ZHONGGUO XINWEN SHE]	41
Auto Plant Adopts Improved Production Techniques [RENMIN RIBAO 29 May]	41
Commentator Cites Auto Plant Example [RENMIN RIBAO 29 May]	42
Special Court in Nanjing Protects Consumers' Interests [XINHUA]	43
More Worker Protection Urged in Foreign Firms [RENMIN RIBAO 15 May]	43
Official Views Changes in Foreign Investment Structure [ZHONGGUO TONGXUN SHE]	46
Article Views Transnational Chinese Enterprises [ZHONGGUO TONGXUN SHE]	46
Tourism Leads in Use of Foreign Investment [XINHUA]	47
State Reports 'Normal' Operation of New Tax System [JINGJI RIBAO 12 May]	47
Official Reaffirms Central Enforcement of Land Tax [Hong Kong WEN WEI PO 1 Jun]	48
Officials Discuss Promulgation of Land Tax Rules [ZHONGGUO TONGXUN SHE]	48
Dongfeng Auto Output Hits 1.5 Million [XINHUA]	49
Circular Allows Foreign Investment in Civil Aviation [XINHUA]	49
Aviation Official Discusses Airlines' Traffic, Safety [XINHUA]	50
Ministries Ban Harmful Projects, Encourage Recycling [Hong Kong LIEN HO PAO 1 Jun]	50
Procedures on Duties for Personal Articles [XINHUA]	50
State Council Issues Circular on Protecting Forests [XINHUA]	52
Urges Protection of Forest Resources [XINHUA]	53
Bumper Harvest Projects Yield Substantial Benefits [XINHUA]	53

REGIONAL AFFAIRS

Central-South Region

'Strong Measures' To Halt Guangdong's Illegal Developments [Hong Kong TA KUNG PAO 1 Jun]	55
Guangdong Begins Appraisal of Intangible Assets [ZHONGGUO TONGXUN SHE]	55

Southwest Region

Guizhou Province To Increase Power Plant Construction [XINHUA]	55
Officials Implicated in Sichuan Corruption Case [Hong Kong EASTERN EXPRESS 2 Jun]	56

Northeast Region

Heilongjiang Acting Governor Addresses Standing Committee [HEILONGJIANG RIBAO 22 May]	57
--	----

TAIWAN

Cabinet Threatens To Take DPP To Court [CNA]	61
KMT-DPP Clashes 'Paralyzing' National Assembly Session [CNA]	61
KMT To Reshuffle Central Standing Committee in Aug [CNA]	61
New CAL President Emphasizes 'Air Safety' [CNA]	62
Vice Premier Says UK Parliament Report 'Encouraging' [Hong Kong HONGKONG STANDARD 2 Jun]	62
Drug Abusers, Traffickers Estimated at 200,000 [CNA]	63
Trade Representative to El Salvador Discussed [CNA]	63
Legislative Group Leaves for Japan To Discuss Reparations [CNA]	63
Central Bank Changes Upper Echelon [CNA]	64
Government To Privatize Computer Chip Program [CNA]	64
State Petroleum Company To Step Up Investments in SRV [CNA]	65
Betel Nut Becomes Number One Crop [CNA]	65

HONG KONG & MACAO

Hong Kong

Zhu Rongji Favors Solving Nonpolitical Issues in Hong Kong	
[Hong Kong <i>TA KUNG PAO</i> 1 Jun]	66
Government To Reject Rights Body To Smooth Beijing Ties	
[Hong Kong <i>EASTERN EXPRESS</i> 2 Jun]	66
Official on Likelihood of Rising Corruption After 1997	
[Hong Kong <i>EASTERN EXPRESS</i> 2 Jun]	67
CPC To Exercise 'Direct Control' of Hong Kong Daily	
[Hong Kong <i>EASTERN EXPRESS</i> 2 Jun]	67
Journalists Resign Despite Reversal of Program 'Ban'	
[Hong Kong <i>SOUTH CHINA MORNING POST</i> 2 Jun]	68
Guangdong, Hong Kong Officials Discuss Water Supply [XINHUA]	69

Macao

Government Plans Overseas Trade Fairs To Expand Exports [XINHUA]	69
--	----

General

Foreign Ministry Holds Weekly News Conference

Urges 'Dialogues' on DPRK Issue

OW0206092994 Beijing XINHUA in English 0912
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—A Chinese Foreign Ministry spokesman reiterated here today that China's position favoring a proper settlement of the nuclear issue on the Korean peninsula through dialogues and consultations remains unchanged.

Spokesman Shen Guofang made the remarks here this afternoon when asked to comment on the difficulties emerging in the settlement of the nuclear issue on the Korean peninsula.

The International Atomic Energy Agency (IAEA) and the Democratic People's Republic of Korea did not reach any agreement on inspection of the replacement of fuel rods.

"There have re-emerged some difficulties on the solution of the nuclear issue on the Korean peninsula, and this is a situation China is very concerned about," Shen said.

The spokesman noted that the key at present is that parties directly involved should treat the issue with calmness, and make positive efforts in order to leave room and keep possibility alive for a proper settlement.

China's position favoring a proper settlement of the issue through dialogues and consultations remains unchanged, he pointed out.

The spokesman said that the only goal of China on this issue is to realize a denuclearization and safeguard peace and stability on the Korean peninsula, and it is in the interests of all.

Notes Stand on DPRK Nuclear Issue

OW0206114794 Beijing XINHUA Domestic Service in Chinese 0936 GMT 2 Jun 94

[Excerpts] Beijing, 2 Jun (XINHUA)—Foreign Ministry spokesman Shen Guofang made the following announcement at a news briefing today. [passage omitted]

Responding to a question on the DPRK nuclear issue, Shen Guofang said: The International Atomic Energy Agency and the DPRK did not reach any agreement on the inspection of the replacement of fuel rods. There have reemerged some difficulties on the solution of the nuclear issue on the Korean peninsula, and this is a situation about which China is very concerned.

He pointed out: The key at present is that the parties directly involved should treat the issue calmly and make positive efforts in order to leave room and keep alive the possibility of a proper settlement. China's position

favoring a proper settlement of the issue through dialogue and consultations remains unchanged. The only goal of China on this issue is to realize denuclearization and to safeguard peace and stability on the Korean peninsula, and these are in the interests of all.

Sees Chance for 'Proper Settlement'

OW0206101694 Tokyo KYODO in English 0951 GMT
2 Jun 94

[Text] Beijing, June 2 KYODO—China held out against implementing United Nations sanctions against North Korea on Thursday [2 June], as the isolated communist stronghold continued to refuse inspections of its nuclear facilities.

"The Chinese Government believes that although there are some difficulties for resolving this issue, there is, after all, room and possibility for striking a proper settlement," Foreign Ministry spokesman Shen Guofang said.

"So long as the parties concerned display sincerity and hold dialogue on an equal footing," he said, "it is possible to have these difficulties overcome."

Shen refused to say whether China would use its veto to block other UN Security Council members from implementing sanctions, but indicated they were opposed to heavy-handed sanctions.

"At this time, we do not favor a resort to means that might sharpen the confrontation," he said while calling on the parties involved to "remain calm."

North Korea has been involved in a 16-month confrontation with the International Atomic Energy Agency and the U.S. over verification of its suspected nuclear weapons program.

Chen Muhua To Attend Women's Conference

OW0206081894 Beijing XINHUA in English 0801
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—A Chinese delegation led by Chen Muhua, vice-chairwoman of the Standing Committee of the National People's Congress (NPC) and president of the All-China Women's Federation, will attend the Asian and Pacific ministerial conference on women in development in Jakarta, Indonesia, from June 7 to 14. The meeting is also the Asia-Pacific regional preparatory activity for the fourth world conference on women.

A Chinese Foreign Ministry spokesman made the announcement here this afternoon at the weekly press conference.

Australian Deputy Premier To Visit

OW0206080294 Beijing XINHUA in English 0749
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—At the invitation of the Chinese Government, the Hon. [honorable] Brian Howe, deputy prime minister and minister for housing and regional development of Australia, will visit China from June 10 to 17.

A Chinese Foreign Ministry spokesman announced this here this afternoon at the weekly press conference.

Estonian President To Visit

OW0206082994 Beijing XINHUA in English 0813
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Estonian President Lennart-Georg Meri is expected to pay a state visit to China from June 12 to 18 at the invitation of Chinese President Jiang Zemin.

A Chinese Foreign Ministry spokesman made the announcement here today at a weekly press conference.

Maltese Premier To Visit

OW0206084394 Beijing XINHUA in English 0824
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Malta Prime Minister Edward Fenech Adami is to pay an official visit to China from June 6 to 11 at the invitation of the Chinese Premier Li Peng.

The statement was made here today by a Chinese Foreign Ministry spokesman at a weekly press conference.

ASEAN Delegation To Visit

OW0206084194 Beijing XINHUA in English 0816
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—At the invitation of the Chinese National People's Congress Standing Committee, a delegation of the ASEAN Inter-Parliamentary Organization (AIPO) led by Jose de Venecia, speaker of House of Representatives of the Philippines and chairman of the current session of AIPO, will visit China from June 6 to 14.

A Chinese Foreign Ministry spokesman made the announcement here this afternoon at the weekly press conference.

Peruvian President To Visit

OW0206084094 Beijing XINHUA in English 0809
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—President of Peru Alberto Fujimori will pay a state visit to China from June 8 to 12 at the invitation of Chinese President Jiang Zemin.

This was announced here today by a Chinese Foreign Ministry spokesman at a weekly press conference.

Vanuatu Premier To Visit Shanghai

OW0206083194 Beijing XINHUA in English 0808
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Vanuatu Prime Minister Maxime Carlot Korman will pay a working visit to Shanghai from June 7 to 10 at the invitation of the Chinese Government.

This was announced here today by a Chinese Foreign Ministry spokesman at a weekly press conference.

Air Force Commander Departs for Russia, Egypt

OW0206095894 Beijing XINHUA in English 0851
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—General Cao Shuangming, commander of the Air Force of the People's Liberation Army (PLA), left here today on an official good-will visit to Russia and Egypt.

Cao and his party are invited by Russian Air Force Commander Gen. Deynikin and Egyptian Air Defence Forces Commander Lt. Gen. Ahmad Abdel Rahman Sliman [name as received].

U.S. Denies Plan To Seek DPRK Sanctions

OW0206034594 Beijing XINHUA in English 0306
GMT 2 Jun 94

[Text] Washington, June 1 (XINHUA)—The U.S. State Department today denied a report that the United States will seek economic sanctions against the Democratic People's Republic of Korea (DPRK).

"At this point, there has not been any U.S. decision taken about those next steps because we want to work in tandem with the international community on this and hear back from the IAEA (the International Atomic Energy Agency)," Department Spokeswoman Christine Shelly said at a regular news briefing here.

The WASHINGTON POST today reported that a group of senior U.S. officials, including Secretary of State Warren Christopher and Defense Secretary William Perry, met yesterday at the White House to prepare for formal diplomatic consultations about sanctions.

This report was published as the DPRK and IAEA remain deadlocked over the nuclear issue on the Korean peninsula. The IAEA wants to conduct further inspections of DPRK's principal nuclear reactor, but differs with the DPRK over how such inspections should be conducted.

"Certainly we have looked into the issue and about what kind of form that might take," Shelly said, but "We are not ready to actually move to the issue of sanctions yet." "So far, the IAEA has not informed us that it would be

impossible to carry out analysis of the fuel to determine the reactor's operation history," she added.

"We're really waiting to hear from the IAEA," Shelly noted, "We will then be able to make a decision about what is the appropriate U.S. response."

On Monday [30 May], the U.N. Security Council urged the IAEA and the DPRK to start immediate consultations over measures necessary to resolve the issue.

President Clinton Arrives in Rome for D-Day Commemoration

OW0206043094 Beijing XINHUA in English 0342 GMT 2 Jun 94

[Text] Rome, June 2 (XINHUA)—U.S. President Bill Clinton arrived here today to begin a week-long commemoration of the 50th anniversary of the D-Day landings in Europe during the Second World War.

Italy is the first stop on his European trip, which also takes him to Britain and France.

During the three-day stay here Clinton will meet Italian President Oscar Luigi Scalfaro and Prime Minister S. Berlusconi to discuss bilateral relations between the countries, the current situation in Europe and particularly that in Bosnia.

The two will also examine the preparations for the summit of the Group of Seven industrialized nations to be held in Naples, Italy, next month.

Clinton is also expected to reaffirm his support for the new Italian Government.

According to sources Berlusconi will stress that Italy should not be excluded in efforts to settle the crisis in Bosnia. He will also point out to the U.S. President that Italy would not be idle in the process for a proposed increase of permanent seats in the U.N. Security Council.

Clinton will lay a wreath at the tomb of U.S. soldiers in Nettuno, who landed there in World War Two.

Political pundits say that Clinton's Europe trip is designed to reaffirm trans-Atlantic ties and to boost his image back home which has been adversely affected recently by a series of personal and public crises.

Beijing To Host 15th World Petroleum Conference

OW0206041694 Beijing XINHUA in English 0328 GMT 2 Jun 94

[Text] Stockholm, June 1 (XINHUA)—The 14th World Petroleum Conference decided at its closing session on Wednesday [1 June] that Beijing will be the site of its next meeting, scheduled for October 1997.

The three-day conference which concluded here Wednesday afternoon was a grand gathering for the global oil industry. Some 2,300 representatives from 80 countries and regions attended the meeting to discuss the industry's technological and managerial problems and environmental protection.

Wang Tao, general manager of the China Oil and Gas Corporation and chairman of the Chinese Organizing Committee for the 15th World Oil Conference, spoke at the closing ceremony.

He promised that Beijing will try its best to make the world gathering a most successful one, with support from both national and local governments.

Next Asia-Pacific Trade Fair Planned for Beijing

OW0106134294 Beijing XINHUA in English 1243 GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—The Fifth Asia-Pacific International Trade Fair (ASPAT '94) is to be held here at the China International Exhibition Center (CIEC) from June 7 to 13, sources here said today.

About 3,000 participants from 29 countries and regions, including China, Australia, Bangladesh, Canada, Germany, India, Japan, the Republic of Korea, Norway, Thailand, the United States, and Hong Kong and Macao, will take part in the fair.

It is jointly sponsored by the China Council for the Promotion of International Trade and the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP).

On display will be light industrial products, machinery equipment, electronic technology, communications equipment and products, jewelry, ornaments, garments, traditional handicrafts, and real estate projects.

The exhibition will cover more than 80,000 square meters.

A large trade delegation composed of high-ranking businessmen from Hong Kong will visit the fair and conduct trade talks.

During the fair, a number of symposiums will be held on expansion of electronics trade, China's current economic situation and investment environment, China's reform of its foreign trade system and investment policies, and China's financial and taxation reform.

The CIEC is understood to have invested 120 million yuan (about 13.8 million U.S. dollars) in building a main exhibition hall covering 50,000 square meters for the coming exhibition.

The holding of aspat'94 is to promote economic and trade cooperation among the Asian-Pacific countries, develop national economies, and explore ways for

strengthening cooperation and jointly getting prosperous in a new world situation among the Asian-Pacific countries.

The theme of ASPAT '94 is "progress through cooperation".

ASPAT was first proposed in 1962 by the United Nations Asia and Far East Economic Commission, which is the present UN-ESCAP.

ASPAT is aimed to expand and develop economic cooperation and trade relations among the Asian-Pacific countries, especially among the developing countries, and to accelerate the economic cooperation between the Asian-Pacific countries and the rest of the world.

The first three ASPAT fairs were held in 1966, 1969 and 1972 in Thailand, Iran and India, and proved to be fruitful. The fourth ASPAT fair, which was held in Beijing in 1985, was also a complete success.

Russia To Repay Bulgarian Debts With Weapons

OW0206034494 Beijing XINHUA in English 0256
GMT 2 Jun 94

[Text] Sofia, June 1 (XINHUA)—Russia is planning to improve its military cooperation with Bulgaria and repay part of its debts to the country with weapons and military spare parts, local media reported today.

A 40-member Russian Government delegation led by Oleg Lobov, secretary of the Russian Security Council, signed an agreement on the deal during a visit to Sofia earlier this week.

It provides for joint manufacturing of highly accurate surface-to-air missile systems and radar equipment for coastal defense.

Following political changes in Bulgaria in 1989 its relations with Russia have been rather cool and military cooperation at a low level.

Now, many Bulgarian institutions are calling for a restoration of Bulgaria's traditional ties with Russia in a bid to seek guarantees for national security.

The delegation briefed Bulgarian President Zhelyu Zhelev on Russia's stance on maintaining a regional balance, peace and security in the Black Sea area.

United States & Canada

Rong Yiren Receives U.S. Securities Figure

OW0206120394 Beijing XINHUA in English 1124
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Chinese Vice-President Rong Yiren today expressed the hope that more business people from U.S. securities circles will become involved in China's infrastructure construction and invest in more fields.

Meeting here today with John Chalsty, president of the Donaldson, Lufkin and Jenrette Securities Corporation, Rong said China has a huge market and its investment environment is improving, adding that from both present and long-term points of view, the prospect of trade and cooperation in economy and technology between the two countries is promising.

The Chinese vice-president considered it wise that President Clinton recently declared the extension of China's MFN [most-favored nation] status and the termination of linking the MFN issue to human rights, saying that this decision is in line with fundamental interests of the two peoples and is beneficial to promoting Sino-U.S. trade and improving the two countries' relations.

Rong expressed his thanks for the work that Chalsty's firm had done in extending China's MFN status.

He told Chalsty that the measures China has adopted this year in the reform of finance, taxes, planning, investments and foreign trade are going smoothly. The state revenue has increased and foreign exchange rate is stable, he said.

Although prices have risen, Rong said, the Chinese Government has taken effective measures to control the prices.

Rong pointed out that the current work of the government is focusing on handling well the relations between reform, development and stability.

Chalsty said he had held successful talks with relevant Chinese departments.

NPC Vice Chairman Meets U.S. Social Activist

OW0106114894 Beijing XINHUA in English 1112
GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—Chen Muhua, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today with Ms. Caroline Ahmanson [name as received], a famous social activist from the United States.

During their meeting in the Great Hall of the People, they had a cordial talk on the Fourth World Women's Conference to be held in Beijing in 1995, Chinese children's education and other issues of common interest.

Ahmanson and her party arrived here Monday [30 May] as guests of the Chinese People's Association for Friendship With Foreign Countries. Qi Huiyuan, president of the association, was present during the meeting.

'Special Article' Views President Clinton's Policy
HK3005012494 Hong Kong WEN WEI PO in Chinese
29 May 94 p 2

[*'Special article' by staff reporter Liu Chun (0491 5028) from Shanghai: "Why Has Clinton Changed Policies Toward China?"*]

[Text] When interviewed by this paper the other day, Ding Xinhao, a Chinese expert on international relations, systematically analyzed and expounded on the causes and effects of the decision made by the Clinton administration to unconditionally renew China's MFN status. Ding Xinhao, president of the Shanghai U.S. Studies Society, Shanghai International Research Institute research fellow, and Shanghai U.S. Studies Office director, also provided some background material for reference. Ding Xinhao had just attended the "International Symposium on Economic Sanctions" in the United States.

Big Differences Within the Clinton Administration

Ding Xinhao said: According to an executive order signed by President Clinton on 28 May, 1993, the U.S. President has to announce his decision on whether to renew China's MFN status before 3 June 1994. As there were two antagonistic views, one favoring economic interests, the other favoring political interests, in the country and major differences of opinion within the administration, the President was caught in an embarrassing dilemma.

Within the Clinton administration, nearly all of the officials in charge of economic affairs opposed applying sanctions against China, including Treasury Secretary Bentsen, Commerce Secretary Brown, the president's representative for trade negotiations, and some others. They greatly differed in opinion from Clinton's China policymakers. The U.S. officials insisting on sanctions against China were Secretary of State Christopher, National Security Adviser Lake, Suterbo [suo te bo 4792 3676 0130], national security committee executive chairman; and Assistant Secretary of State Winston Lord.

As the two opposing factions had great influence over his China policy, Clinton had no choice but to reconsider his position on the MFN issue. Ding Xinhao noted that, since coming into office, Clinton has adhered to three foreign policy principles, specifically, revitalizing the U.S. economy, maintaining a certain military strength, and implementing democracy in the world. On the premise of differences of opinion within the administration, Clinton began comprehensively reevaluating U.S. interests. In the end, he decided to unconditionally renew China's MFN status with a view to "revitalizing the U.S. economy."

On the other hand, while Clinton was caught in this dilemma, the Chinese Government, without compromising its basic principles, adopted a positive approach toward the human rights issue, thus giving Clinton an honorable way out.

Why the China Policy Had To Be Changed

The executive order, signed on 28 May 1993 exposed several flaws in the Clinton administration's China policy. The executive order, a product of compromise between the President and the Congress, stated: China's MFN status can be renewed with no strings attached for the year 1993. However, China's MFN status will only be renewed for the year 1994 on condition that China has met seven "human rights" conditions by that time. These unrealistic "human rights" conditions placed Clinton in a "vicious circle": To lose "face" by renewing China's MFN status or to cause a retrogression in Sino-U.S. relations and make China and the United States suffer in respect of economic and trade growth by revoking China's MFN status. All these problems were actually the result of a very confused China policy.

The "WASHINGTON POST" published on 5 May of this year a letter written by Winston Lord to Secretary of State Christopher. Both Winston Lord and Christopher are Clinton's Asia policymakers. In the letter, Winston Lord complained about Clinton's unsuccessful Asia policy as well as the confusion in the Asia policy prevalent at that time. The letter fully exposed the differences and policy confusion among the administration's Asia policymakers.

The decision made yesterday by Clinton to unconditionally renew China's MFN status and delink the MFN issue from human rights was unmistakably a sign of an impending end to the administration's confusion about its China policy. No sooner is the MFN issue resolved than it is time for Clinton to comprehensively and realistically evaluate his China policy.

How Should the Human Rights Issue and MFN Be Delinked?

Why did Clinton announce yesterday that the human rights issue will be delinked from the MFN issue?

Ding Xinhao made the following two points, believing that Clinton had no choice but to reach this conclusion.

First, historical facts have borne out that applying sanctions against China by revoking China's MFN status to attain a certain political goal will never work. In the Cold War years, the United States imposed an "embargo" on the socialist countries to no avail. The embargo on grain shipments to the Soviet Union in 1980 failed to prevent the Soviet Union from sending troops into Afghanistan. Since the end of the Cold War, tremendous changes have taken place in the world. It has now become even more impossible to attain political goals through economic sanctions. The economic sanctions that the United States has imposed against certain small countries have

only resulted in the loss of those countries' markets for the U.S. "allies" and have not achieved any benefit for the United States. As the economic sanctions applied against those small countries have failed, how could they succeed when applied to a country as large as China?

Second, the practice of unilaterally linking human rights with economic issues and imposing sanctions against China is bound to make both sides suffer. According to a World Bank report, should the United States decide to revoke China's MFN status on the basis of human rights concerns, China would no doubt retaliate against it, thereby resulting in a disaster for both China and the United States. As a result, China's exports to the United States would drop by 42-96 percent, while the U.S. consumers would have to pay an additional \$14.6 billion to find substitutes for the lost Chinese commodities. Moreover, China is expected to import commodities worth \$700-1,000 billion over the next seven years, and the U.S. economy would certainly lose this opportunity. In 1993, China-bound U.S. exports, which were valued at \$8.8 billion, created a total of 168,000 jobs in the United States. Should the United States impose sanctions on China, these jobs would certainly be lost.

On the basis of these considerations, Clinton in the end decided to adopt a positive approach in order to avert possible losses.

Northeast Asia

PRC, Japanese Officials Discuss DPRK Nuclear Issue

OW0206134294 Beijing XINHUA in English 1318 GMT 2 Jun 94

[Text] Tokyo, June 2 (XINHUA)—Japanese Foreign Minister Koji Kakizawa and Chinese Vice Foreign Minister Tang Jiaxuan agreed today that Tokyo and Beijing should strengthen bilateral relations with a view to the future and thus ensure that they served to make a contribution to the Asia-Pacific region and the world at large.

During a 15-minute meeting, Kakizawa told Tang that the Japanese Government would work hard for the development of Sino-Japanese relations, while reflecting on and atoning for Japan's past atrocities.

He referred to the resignation of Justice Minister Shigeto Nagano who publicly denied last month that the former Imperial Japanese Army committed the 1937 Nanjing Massacre in which many Chinese were killed.

Tang said the Chinese Government appreciated the "wise attitude" adopted by the cabinet of Prime Minister Tsutomu Hata over its perception of the past. Hata criticized Nagano for making the remarks and said Japan "inflicted unbearable pain and suffering on many people" in Asia during the war.

The visiting Chinese delegation headed by Tang is here for the 13rd round of regular consultations between the Foreign Ministries of the two countries.

On Wednesday [1 June], Tang and his Japanese counterpart Hiroshi Fukuda, who is leading the Japanese team, at a working level meeting discussed the nuclear issue on the Korean peninsula and other international affairs.

Discuss Bilateral Ties

OW0206135694 Beijing XINHUA Domestic Service in Chinese 1135 GMT 2 Jun 94

[Text] Tokyo, 2 Jun (XINHUA)—The 13th Sino-Japanese diplomatic consultations were held here on 1 June. Chinese Vice Foreign Minister Tang Jiaxuan and Japanese Deputy Foreign Minister Hiroshi Fukuda attended the meeting.

According to information released by the Japanese Foreign Ministry, Chinese and Japanese diplomats candidly exchanged views on bilateral relations and the international situation. Both sides shared the view that it is necessary to further develop bilateral relations on the basis of future requirements so as to contribute to the Asia-Pacific region and the world as a whole.

During the consultations, the Japanese side, in referring to comments by former Justice Minister Shigeto Nagano denying the Rape of Nanjing, reiterated that Japan would, in a spirit of remorse for the past, continue to exert efforts to make bilateral relations more mature. The Chinese side affirmed the wisdom of the Japanese Government and Prime Minister Hata in handling Nagano's comments, pointing out that correctly dealing with the past is the basis for developing Sino-Japanese relations, and it expressed its hope that similar events will not occur again in the future.

The two sides also exchanged views on bilateral economic relations and economic cooperation, as well as the international situation, including the nuclear issue on the Korean peninsula.

Navy Magazine Says Japan Taking 'New Militaristic Path'

OW0206095294 Tokyo KYODO in English 0916 GMT 2 Jun 94

[Text] Beijing, June 2 KYODO—Japan's naval forces are no longer exclusively defense-oriented, while the country's capability to project military power must be monitored carefully, a Chinese military journal warned in its latest issue.

The observations came in XIANDAI JIANCHUAN (MODERN NAVAL VESSELS), which ran a feature on Japan's Maritime Self-Defense Force. The monthly magazine is published by the Research Institute of Naval Vessels, a think-tank associated with the Chinese Navy.

It said Japan's naval strategy evolved from a defense of neighboring waters in the 1960s and 1970s to active defense of distant waters from the early 1980s.

The change in orientation was attributed not only to Japan's desire to protect its status as an economic superpower but to its alleged "militaristic desire."

The article cited recent developments as suggesting that Japan is probing world opinion regarding its embarking on a "new militaristic path."

It cited Japan's dispatches of forces abroad for United Nations peacekeeping operations and minesweepers for operations in the Persian Gulf area as well as its participation in Rimpac exercises with the United States and other countries.

The article apparently indicates the Chinese military leadership still harbors strong doubts about Japan's intentions despite the official pronouncements in Beijing and Tokyo of friendly relations.

Japan's Democratic Socialist Party Chairman Resigns

OW0106163, 14 Beijing XINHUA in English 1605
GMT 1 Jun 94

[Text] Tokyo, June 1 (XINHUA)—The chairman of the Japanese Democratic Socialist Party (DSP), Keigo Ouchi, today announced his resignation, assuming responsibility for the formation of the Kaishin parliamentary group, which caused the DSP to leave the ruling coalition and thus created Japan's first minority government in 39 years.

He told an extraordinary session of the DSP's central executive committee that he would quit his post at the party convention next week, the local press reported.

Ouchi, 64, had been under pressure to step down and take responsibility for helping to create Kaishin.

The DSP is likely to select its General Secretary Takashi Yonezawa as Ouchi's successor, the local press quoted party sources as saying.

Ouchi, who is health and welfare minister in the government, has said he wants to concentrate on his duties in that post after formally quitting as party chairman.

The DSP, Shinseito (Japan Renewal Party) and three other parties formed Kaishin, an inter-party voting block, shortly after Shinseito leader Tsutomu Hata was elected prime minister on April 25 in succession to Morihiro Hosokawa. Kaishin, the brain-child of coalition strategist Ichiro Ozawa, was viewed as the first step in a long-awaited political realignment in Japan.

But the DSP, angry that Kaishin had been formed without its being consulted, quit the coalition and thus left Hata with a minority government.

CPPCC's Wu Xueqian Receives Japanese Delegation

OW0206131194 Beijing XINHUA in English 1250
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with a delegation from Japan's Nagano Prefecture here today.

The 26-member delegation, headed by Kushihiro Yoshi-nao, former chairman of the Japan-China special committee of Social Democratic Party of Japan, arrived here yesterday as guests of the Chinese Association for International Understanding.

XINHUA Cites DPRK Spokesman on Nuclear Issue

OW0206093294 Beijing XINHUA in English 0820
GMT 2 Jun 94

[Text] Pyongyang, June 1 (XINHUA)—The Democratic People's Republic of Korea today vowed defiance against unreasonable pressure concerning the replacement of fuel rods at a reactor.

On May 30, the United Nations Security Council adopted a presidential statement, demanding the DPRK to hold consultations with the International Atomic Energy Agency (IAEA) over the measures of the replacement of fuel rods at the reactor.

A Foreign Ministry spokesman declared that the statement by the U.N. Security Council "groundlessly" slandered the DPRK.

He added, "It is entirely wrong for the Security Council to have discussed the question of the DPRK on the basis of the wrong judgment made by the Secretariat of the agency (IAEA) without any justifiable reason."

The presidential statement of the U.N. Security Council also asked the IAEA inspectors to stay in DPRK and continue the inspection.

However, the DPRK spokesman argued, "Since we are in a unique status after a temporary suspension of the effectuation of our declared withdrawal from the NPT (Nonproliferation Treaty on nuclear arms), it is clear that we cannot accept such routine and ad hoc inspection as selected preservation of fuel rods."

if the IAEA Secretariat and the U.N. Security Council, bereft of impartiality, insist on pressure with an unreasonable attitude, DPRK will take "decisive countermeasures" to continue its peaceful nuclear activities, said the spokesman.

"We will respond any time with utmost sincerity to the intention to deal with the issue in a fair way and resolve it in a peaceful way through dialogue," declared the spokesman.

But he added, "We will counter without slightest compromise any intention to unjustifiably put pressure on us, ignoring our sovereignty, if but a little."

Government Supports ROK-Russian Talks on Nuclear Issue

SK0206100094 Seoul KBS-1 Radio Network in Korean 0930 GMT 2 Jun 94

[Text] The Chinese Foreign Ministry on 2 June expressed support for President Kim Yong-sam discussing the North Korean nuclear issue with President Boris Yeltsin of Russia.

Shen Guofang, spokesman for the Chinese Foreign Ministry, revealed in today's briefing that China supports the ongoing active discussion between the international community and the countries concerned for the smooth resolution of the North Korean nuclear issue.

The spokesman's remark hints at the change in the Chinese Foreign Ministry's stance that had earlier called for the settlement of the nuclear issue through dialogue among the parties concerned—the North and South, the International Atomic Energy Agency, and the United States.

Southeast Asia & Pacific

Cambodia's Sihanouk Arrives for 'Good-Will' Visit

OW0206034294 Beijing XINHUA in English 0325 GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—H.M. King Norodom Sihanouk and H.M. Queen Norodom Monineat Sihanouk of the Kingdom of Cambodia arrived here this morning on a three-day official good-will visit to China at the invitation of Chinese President Jiang Zemin.

This is the first official visit to China by H.M. King Norodom Sihanouk since he became the king of the country in September last year.

Sihanouk's entourage includes S.E. Samdech Chakrei Nhoek Chulong, S.E. Samdech Chau Senkosol Chhum, and S.E. Kong Sam-ol who is minister in charge of the royal affairs and concurrently minister of agriculture of the deputy prime minister status.

Chairman of the Chinese Government Reception Committee and Minister of Culture Liu Zhongde greeted the honorable Cambodian guests at the airport.

Chinese President Jiang Zemin is scheduled to host a welcoming ceremony tomorrow for King Norodom Sihanouk and Queen Norodom Monineath Sihanouk.

Yunnan Governor Meets Laotian Visitors

OW0106134694 Beijing XINHUA in English 1248 GMT 1 Jun 94

[Text] Kunming, June 1 (XINHUA)—He Zhiqiang, governor of southwest China's Yunnan Province, met with a delegation of senior cadres from Laos here today.

During the meeting, the two sides exchanged views on further expansion of economic and trade cooperation between Yunnan and Laos.

The delegation, headed by Bounnhang Vorachitti, member of the Lao People's Revolutionary Party Central Committee and also mayor of Vientiane, capital of Laos, arrived here on its way home from its visit to Beijing.

Beijing Reception Held To Mark Sino-Malaysian Ties

OW3105154994 Beijing XINHUA in English 1429 GMT 31 May 94

[Text] Beijing, May 31 (XINHUA)—A reception was held here this evening to celebrate the 20th anniversary of the establishment of diplomatic relations between China and Malaysia.

Vice-Chairman of the Standing Committee of the Chinese National People's Congress (NPC) Buhe and Malaysian Ambassador to China Dato Noor Adlan attended the gathering, which was jointly sponsored by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) and the China-Malaysian Friendship Association (CMFA).

In his speech, CPAFFC President Qi Huaiyuan said that over the past 20 years, friendly bilateral ties and cooperation in political, economic, cultural and other fields have been steadily expanding and the friendly exchanges between the two peoples have increased with each passing day.

He noted that in recent years, Malaysian Prime Minister Dr. Mahathir Mohamed has visited China three times and that Chinese Premier Li Peng and Chairman Qiao Shi of the NPC Standing Committee have both visited Malaysia.

These visits have enhanced the mutual understanding and trust, ushering in a new period of all-round development in Sino-Malaysian ties, Qi said.

The CPAFFC and the CMFA are willing to join the Malaysia-China Friendship Association and friends from all walks of life in Malaysia and do their part in enhancing the mutual understanding, in consolidating and furthering the traditional friendship between the two peoples, and in promoting the continuous expansion and development of Sino-Malaysian ties of friendly cooperation in various fields, he said.

The establishment of diplomatic ties between Malaysia and China on May 31, 1974, "not only marked the milestone on the road to the development of the relations but brought back contacts which had once flourished between our two countries," Ambassador Adlan said.

"At no time in the history of the relations between our two countries have those relations been higher than they presently are," he said. "I cannot but draw great satisfaction and pride over the significant progress made in our relations."

He expressed the hope that the two countries grasp the determination of the destiny of the region in their own hands, build their national resilience and contribute to the progress, peace and security of this region and the rest of the world.

CPC Official Discusses Anticorruption With Thai Guests

OW0106134894 Beijing XINHUA in English 1302 GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—Wei Jianxing, member of the Political Bureau and the Secretariat of the Communist Party of China (CPC) Central Committee, met with a delegation of the Thai Counter-Corruption Commission here this evening.

Wei briefed the Thai guests on China's anti-corruption and clean government movement, noting that it is a common task for all countries in the world to regulate government officials' deeds, crack down on corruption, and maintain a clean and effective government.

He said that the work is aimed at safeguarding national stability and better guaranteeing and promoting the healthy development of each country's economy.

In this regard, Wei said, supervision and anti-corruption work can only be strengthened and not weakened.

Minister of Supervision Cao Qingze was present at the meeting.

The delegation, led by chairman of the Thai Counter-Corruption Commission Thian Charoenwatana, arrived here on May 28 at the invitation of China's Ministry of Supervision.

Thai Armed Forces Chief of Staff Leaves For Shanghai

OW0206054094 Beijing XINHUA in English 0519 GMT 2 Jun 94

[Text] Bangkok, June 2 (XINHUA)—Gen Charun Phun-sanong, chief of staff of the Royal Thai Armed Forces, left here today on a week-long visit to China at the invitation of the Chinese Defense Ministry.

This is Gen Charun's first visit to China since taking office as chief of staff in October last year.

It is disclosed that Gen Charun will first visit Shanghai, the biggest city in China, and will then visit Beijing.

During his visit, Gen Charun will hold talks with Chinese military leaders over bilateral cooperation.

Near East & South Asia

Government To Allow Tibetan Sect Leader To Travel to India

OW0206085894 Tokyo KYODO in English 0840 GMT 2 Jun 94

[Text] New Delhi, June 3 KYODO—The Chinese Government will soon allow the young spiritual head of the Kagyu sect of Tibetan Buddhism to make his first visit to his seat in Rumtek monastery in northeast India, sources belonging to the sect said Thursday [2 June].

The 11-year-old Ugyen Thinley Dorjee, whose identity as the reincarnation of the sect's 16th karmapa was revealed in 1992, currently lives in the sect's former headquarters in Tsurphu monastery, some 50 kilometers from the Tibetan capital of Lhasa.

"The Chinese Government has agreed to allow the new karmapa to go to India for a brief visit," the sources said. The timing and duration of the visit is still unknown, they said.

A high-level team of lamas, including Tai Situ Rimponche, who was largely responsible for the discovery of the sect's 17th living god, returned to the Indian capital of New Delhi after successful negotiations with the Chinese Government in the last week of May, the sources said.

The reincarnation of the 16th karmapa was found with Chinese help through a prediction letter which Tai Situ Rimpoche, a regent of the last karmapa, discovered in 1989 almost a decade after the last karmapa's death.

All 15 karmapas since 1193 were identified in their childhood on the basis of prediction letters left by their predecessors.

However, a rival group of lamas questioning the authenticity of the letter this March enthroned a 10-year-old Tibetan boy, Tenzin Chentse, in a Buddhist monastery in New Delhi claiming he is the last karmapa's true reincarnation.

According to a Tibetan follower of the sect, it is the first time that two karmapas have been enthroned, although numerous succession struggles have occurred throughout the sect's 900-year history.

Both vie for control over Rumtek monastery, which became the sect's center after the last Karmapa fled Tibet during the 1959 uprising. The karmapa is considered No. 3 in Tibet's religio-political hierarchy after the dalai lama and the panchen lama.

By retaining the new karmapa in Tibet, Beijing is trying to calm the restive Tibetan populace there, one expert on Tibet said.

Beijing needs a religious figure compliant to its policies, with the panchen lama dead in early 1989 and no successor in sight, and the dalai lama remaining in his self-imposed Indian exile, he said.

Sub-Saharan Africa

NPC Vice Chairman Meets Guinean Supreme Court President

OW0106114794 Beijing XINHUA in English 1122 GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—Wang Hanbin, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with Lamine Sidime, president of Guinea's Supreme Court, here today.

Wang exchanged views with the Guinean visitors on how to strengthen the friendly exchanges and cooperation between the two countries.

Sidime arrived here yesterday as guest of the Chinese Supreme People's Court. It is the first formal contact between the Supreme Courts of the two countries.

West Europe

EU 'Further' Demonstrates Support For GATT Bid

OW0206032594 Beijing XINHUA in English 0250 GMT 2 Jun 94

[Text] Brussels, June 1 (XINHUA)—The European Union (EU) has further demonstrated its support for China's bid to rejoin the General Agreement on Tariffs and Trade (GATT).

Following three days of talks in Brussels between Chinese trade representatives and the EU, Roderick Abbott, the Union's director to the GATT, said that resumption of China's GATT membership would be a significant move, especially for its founding membership of a World Trade Organization to be set up early next year.

The EU has backed measures for the completion of negotiations which could see China voted back into the trade group by the end of this year.

Long Yongtu, head of the Chinese delegation, said "important progress" was made in the talks, which ended today, and that the two sides had reached understanding about most of the protocol articles for China's reinstatement.

But he said there was still some differences such as easing China's foreign trade restrictions. Talks will resume in a month in a bid to solve these issues.

Editorial Views Future of UK Prime Minister

HK0805015794 Hong Kong WEN WEI PO in Chinese 7 May 94 p A2

[Editorial: "There Are Signs of Conservative Party Changing Its Leader"]

[Text] In local government elections across Britain yesterday, the Conservatives suffered their worst defeat ever, losing control of 17 regional councils and 444 seats. As the ruling party, the Tories took just 27 percent of the vote, two percentage points lower than their rating in the polls. The results of the local elections showed that the Tories were reduced to the third party nationally, behind the Liberal Democrats and the Labour Party.

The Labour Party controls 90 local councils, whereas the Conservatives only control 13, with a sharp contrast in strength between the two sides.

The Liberal Democrats had a net gain of 378 seats. Even some former Conservative members of parliament announced publicly to reporters that they would vote for the Liberal Democrats. Of course, this was a measure taken by Tories under circumstances of an inevitable defeat to reduce losses by encouraging constituents, who resent the Tories, to vote for the Liberal Democrats rather than Labour.

In the deep sorrow of defeat, some Conservatives are secretly feeling happy. They resent John Major's leadership, and would most willingly link Major's incompetence and lack of vision with the bitter defeat in the local elections. Even before all of the results were known, some Tories openly announced their determination to challenge John Major's position and remove him from office as early as possible. The right-winger Michael Portillo added salt to the wound by starting a dispute over the European issue, and highlighted John Major's image as a loser who fails to command. Obviously, all of these actions were long planned and are aimed at making John Major suffer an even greater defeat in the European Parliament elections scheduled for 9 June.

Before 9 June, nobody will officially challenge for the position of party leader. But he who is in office must suffer the pain of electoral defeat. After 9 June, John Major will have to answer for all of the disasters, and it is time to use him as a scapegoat.

John Major is someone who was propped up by Mrs. Thatcher, who supported appointing the mediocre John Major as her successor when she was utterly isolated so that one day she would be able to pull strings from behind the scenes and continue to pursue the Thatcher line. Nevertheless, people around John Major seriously pushed him to betray Thatcher's doctrine, while pursuing entirely new "leftist" policies and affecting John Major's moves.

For a very long period, right-wingers and left-wingers argued over many domestic and world issues. John

Major has always been weak and powerless, and vacillates to the left and to the right resulting in his own "crisis of honor." On the European issue, he stressed the imperative of maintaining the sovereignty, cultural traditions, and life-style of each country of the future European Union, while reflecting the islanders' mind set. On the one hand, he expressed the will to join the European family; on the other, he made one big stride closer to the right. While great skill is needed to have one's bread buttered on both sides, John Major has been relatively stupid in such circumstance. When expounding on such concepts, he set out a campaign to "return to basic values," with an emphasis on citizen self-discipline, taking social responsibility and obligations, and being upright. However, one scandal surfaced after another in his cabinet; consequently, British citizens saw how bombastic Major could be and how he failed to know himself. The scandals caused Major's reputation to collapse.

For a long time, John Major has failed to resolve the economic crisis and has seriously jeopardized the interests of British people, who have become poorer with each passing day and suffer from a high rate of unemployment. At this critical juncture, John Major went back on promises made during the election campaign by increasing value-added tax on domestic fuel; as a result, things became even harder for the poor. He promised to reduce public expenditure, but on the contrary, it rose by 45.5 percent. [as published] John Major has become an expert in making "empty promises," while constituents continue to scorn this dishonest prime minister.

Many Conservatives believe that John Major is driven by a gambler's mind set. At a time when his reputation was waning, he wanted to start an offensive in the arena of difficult world issues, regardless of British national strength. This being the case, he wanted to try his luck in Bosnia, as well as policy toward China; however, he was helpless in dealing with domestic economic issues which would only lead Britain to an impasse. It will be difficult for John Major to lead the Tories in the next general election; therefore, news spread earlier this year that John Major would be replaced.

The setback which has resulted from defeats in the local elections is heavier than expected. To accelerate a leadership reshuffle, Conservatives have spread the opinion that "John Major is not up to his office."

However, if politicians from various factions compete for office by taking a laissez-faire attitude, the Tory unity will be jeopardized. This being the case, a planned transfer of power, especially the reorganization of the cabinet and the replacement of the party chairman, is necessary. When the new party chairman is elected, the question of who will replace John Major will be settled too. Word has spread that John Major wants Chris Patten to become Conservative Party chairman; however, this proposal was rejected. That should have been a party secret; making public such an inside story would only provide evidence of political reality, namely, many

Conservatives did not agree to Chris Patten contending for this position. There are no grounds to allow a politician who has lost a previous electoral campaign to canvass votes in the next one under unfavorable electoral circumstances. That would only aggravate the Tory's poor image as a party which enjoys little public support and has few talents. In actual fact, should John Major set out such a line in appointing people, that would only give more evidence of his poor ability, insight, and lack of judgment, as well as his self-knowledge. Now, it is just a matter of time until he leaves office; but nobody will let him make arrangements for the transfer of power. Work to seek a new leader will be conducted by veteran Tories; how can John Major be qualified for such a task?

Spanish Commerce Minister Discusses Trade Relations

OW0206052194 Beijing XINHUA Domestic Service in Chinese 0247 GMT 31 May 94

[By reporters Hu Tairan (5170 3141 3544) and Huang Yongxian (7806 6343 0516)]

[Text] Madrid, 31 May (XINHUA)— On 31 May, Gomez-Navarro, Spanish minister of commerce and tourism, said the Spanish Government regards China as one of the best countries with which to develop economic relations and trade, noting that he believes Spanish businessmen will be successful in developing such relations with China.

Minister Navarro made the comments in a speech he delivered at the symposium "China, a Developing Big Market" sponsored by the Spanish Foreign Trade Association. He said: The political and economic conditions in China are very favorable. Spain should make due efforts to expand investment in and promote trade relations with China.

Navarro said: China is a giant among the developing nations. Its population of 1.1 billion presents an enormous opportunity for Spain to develop foreign economic relations. He urged businessmen to utilize their potential and take advantage of China's favorable conditions with a strategic perceptive. He also said that the Spanish Government must do everything in helping businessmen make inroads into the Chinese market.

Nearly 200 businessmen and notables who are friendly toward China attended the symposium. Louis [name as received], foreign trade secretary for the Commerce Ministry, and World Bank representative Simon Ness [name as received], spoke on trade with and investment in China, respectively. Song Guoqing, PRC ambassador to Spain, was also invited to speak at the symposium.

East Europe**Polish House Speaker Holds News Conference in Beijing**

*OW0106114694 Beijing XINHUA in English 1130
GMT 1 Jun 94*

[Text] Beijing, June 1 (XINHUA)—Jozef Oleksy, speaker of the Polish House of Representatives, said here today that both Poland and China are striving for peace and development.

Oleksy, who is leading a delegation on a visit to China, made the remarks at a press conference before leaving for Shanghai, China's largest industrial center.

He said his talks with Chinese President Jiang Zemin were "very beneficial". "We respect each other's ideas

and I believe these will help promote the two countries' relations in such fields as politics, economy, culture and science and technology," he added.

The speaker held that there is great potential in the development of Poland-China relations, saying that the two countries can cooperate in the areas of coal, chemicals and precision instruments, in which Poland has advanced technology.

He also expressed the hope that the two countries will make efforts to set up more joint ventures, hoping that the banks of the two countries will open branches in each other's capitals.

He revealed that Polish entrepreneurs in his entourage had held talks with their Chinese counterparts and some of them were ready to strike deals.

Political & Social

Deng Reportedly To Tour Beijing in 1994

HK0106135194 Hong Kong TA KUNG PAO in Chinese
1 Jun 94 p 13

[By staff correspondent Ma Ling (7456 3781): "Deng Xiaoping on Zhang Baifa—"The Captain? He Will Do"]

[Text] In March 1990, six months before the Asian Games was due to open in Beijing, the Asian Games Village then under construction was taking shape. Deng Xiaoping, who had been following the village and the entire games project with keen interest, suggested a visit to the capital, stating also that he did not want the tour to be guided by municipal leaders because he was only a common person and an official-conducted tour would not be appropriate. An idea flashed through the mind of his secretary, who said: "Then let Zhang Baifa accompany you." At that Deng Xiaoping said crisply and without hesitation: "The captain? He will do."

We need to know that in 1958 Zhang Baifa, together with others, had once briefed Deng Xiaoping on his work in the capacity of a national model laborer and captain of an elite worker contingent. On that occasion Deng stressed to them the necessity of being versatile workers. The "captain" in Deng's mind was naturally a memory from that occasion. However, although Zhang Baifa has risen through the hierarchy to his current position, he still retains the "demeanor of an ordinary citizen," which was probably why Deng Xiaoping remarked that "he will do."

Deng Xiaoping was also very much interested in Beijing's architecture; and through his appreciation and concern for the municipality's buildings, he came to understand Zhang Baifa better. In 1979, Deng Xiaoping told Zhang Baifa and other people on a tour of residential buildings on the Qianmen thoroughfare: "The ceiling of each storey need not be too high. This is not because I am short; if I am going to spend the same amount of money, I would rather make the room bigger than increase its headroom. There should also be a shower and other installations for daily use."

Deng Xiaoping made another "foray" on 31 October 1993 to take a look at the municipality. "Captain" Zhang Baifa again acted as an escort. The ordinary-looking minibus Deng Xiaoping and his entourage traveled in crisscrossed Beijing's heavy traffic. In the car were also his family and personal guards. Along the way Zhang Baifa explained to Deng Xiaoping the capital's latest buildings and talked with him on the level of moderate prosperity people enjoyed.

During last year's autumn excursion to the capital, Deng said that he intended to invite the "captain" to accompany him on another tour of the capital's latest modern shopping malls in 1994. Zhang Baifa is prepared for that.

'Steely Security Net' Reportedly Descends in Beijing

HK0206044094 Hong Kong AFP in English 0258 GMT
2 Jun 94

[By Tiffany Bown]

[Text] Beijing, June 2 (AFP)—A steely security net has descended on Beijing this week as China's nervous leadership moves to ensure that nobody rocks the boat on the fifth anniversary of the Tiananmen Massacre. Hundreds of plainclothes police roam Tiananmen Square—the vast focal point of the spring 1989 pro-democracy protests, crushed by the army on June 4 that year—ready to nip in the bud any undesirable commemorative activities.

Easily recognisable by their straw hats, dark glasses, and two-way radios, the uncomfortable-looking officers mingle among the crowds of Chinese families, moving in quickly to videotape the movements of any suspicious-looking characters—such as camera-wielding foreign journalists.

"They seem to be more nervous this year than ever," said one diplomat, putting the official paranoia down to fears of instability amid rising social discontent and concern about the health of 89-year-old patriarch Deng Xiaoping.

The city is crawling with uniformed officers from its 50,000-strong People's Armed Police (PAP) force, developed since 1989 into a strong riot-control unit able to put down disturbances without calling on the Army—whose unsuitability for dealing with civil unrest led to the June 4 bloodshed. But, should the PAP fail to restore order quickly, the authorities appear ready to resort to extreme measures again. President Jiang Zemin recently credited the "resolute measures" taken by the Army in 1989 for China's present stability.

Security is particularly tight around the homes of dissidents and their families—with whom some foreign journalists, under an obscure regulation, were recently warned to break all contact or face the consequences. Many dissidents are already in detention after an intensive police sweep that began in the spring following the most significant resurgence in their activities since 1989. Others, including Tiananmen leader Wang Dan, have left the capital temporarily, either at the orders of the authorities or simply to avoid harassment. Those who remain complain that their every move is being watched.

Ding Zilin, a People's University professor whose son was shot by soldiers in 1989, was preparing Thursday to launch a hunger strike in the evening to protest the intensive police surveillance of her home. Ding's husband Jiang Peikuang said police had warned friends who also lost relatives in the massacre not to join them.

The northwestern university district, base in 1989 of the protests' student leaders, is another focus for police attention. Everyone entering university compounds

must now show their identity cards, while several student activists have been sent home early for the holidays. "They're erring on the side of caution, on the side of stupidity—no one wants to be responsible for letting things get out of control," said a diplomat.

Such "stupidity" is reflected in an apparent directive to stop all and any large gatherings—even if most people present are likely to be foreigners. In recent days, an innocuous-sounding foreign-embassy bazaar in a five-star hotel was threatened with closure, a painting exhibition by a diplomat's wife cancelled, an embassy party in one park banned, and a foreign journalist's party in another scuppered by an electricity overload and police road block.

"Their tactics have changed since 1989—now they are simply not going to allow people to get together," the diplomat said. Their tactics also include efforts to temporarily diffuse popular tension over high inflation and other social ills by reimposing price controls here on a range of staple goods, while ensuring that the capital's shops are particularly well-stocked. "Lots of luxury items that are usually quite difficult to come by are suddenly in the shops at very cheap prices," said one Beijing resident.

Should these efforts to lull the population into a sense of well-being fail to dissuade any foolhardy individuals from commemorating the Tiananmen Massacre openly, the forces are now in place to deal with them quickly and severely.

Jiang Zemin Views Study of Deng's Theory

OW0106233994 Beijing XINHUA Domestic Service in Chinese 1042 GMT 31 May 94

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), RENMIN RIBAO reporter He Jiazheng (0149 0502 2973), and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 31 May (XINHUA)—Jiang Zemin, CPC Central Committee general secretary, delivered an important speech at Zhongnanhai's Huairan Hall today at the closing of the fourth theoretical study class for senior leading cadres at provincial and ministerial levels. He emphatically pointed out: China is deepening its reform in an all-round way and the various tasks of establishing a socialist market economy are rapidly unfolding. This has presented a good opportunity for us to further our study of Deng Xiaoping's theory on building socialism with Chinese characteristics, to raise our capability in applying theory to get a correct grasp of the overall situation, and to properly resolve our immediate problems. The more occupied leading cadres are, the more they should try to set an example in studying theory. We should study theory with our current problems in mind and use the theory as a guide in solving the problems. We should exert ourselves in creating a strong

atmosphere of studying theory—and applying them in studying and solving real problems—among all party members.

The session was presided over by Hu Jintao, member of the Standing Committee of the Political Bureau and the Secretariat of the CPC Central Committee and president of the Central Party School. Present at the session were Ding Guangen and Wei Jianxing, members of the Political Bureau and Secretariat of the CPC Central Committee; Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat; and Ren Jianxin, member of the Secretariat.

Following a decision of the CPC Central Committee on setting up theoretical study classes for principal leaders at the provincial and ministry levels, four such classes were conducted according to plan between 4 October last year to 31 May this year. Leading cadres at provincial and ministry levels, principal leaders of the major units of the People's Liberation Army, and comrades with leadership responsibilities on the propaganda and theoretical fronts—175 in all—have attended the classes. Of the 175, 121 are members or alternate members of the CPC Central Committee. Comrade Jiang Zemin had informal talks with members of the first and third classes. At the conclusion of the first class and the start of the second, the members also heard a mobilization report by Comrade Jiang Zemin on earnestly studying Volume 3 of the *Selected Works of Deng Xiaoping*.

Jiang Zemin pointed out in his speech today that for the purpose of accomplishing the task of arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the CPC Central Committee has run four theoretical study classes for principal leaders at the provincial and ministry levels. The responses from various quarters have been quite favorable and we have attained our set goals. After affirming the achievements of the study classes, he said that a good beginning has been made in terms of study by leading cadres. We must, however, refrain from overestimating the progress, thereby resting our laurels and coming to a standstill. To truly accomplish the task of arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, we need to further enhance our understanding, intensify our studies, and work harder in using theory as a guide for practice. Party organizations at all levels still have a great deal of painstaking and meticulous work to do.

Jiang Zemin stressed: The party's position and its historical mission in the new period have made it essential, now more than ever before, for cadres at all levels, leading cadres at all levels in particular, to attach greater importance to the study—and attain a deeper understanding of—theory. Only by becoming clear-headed and firm theoretically will it be possible for cadres to be firm and clear-headed politically, to become more conscientious in comprehensively carrying out the party's basic line, and to achieve our socialist modernization.

The Marxist theoretical level of leading officials is, to a considerable extent, essential to the administrative and leadership levels of the ruling party and to the success of building socialism with Chinese characteristics. Bearing in mind the overall situation and looking toward the next century with a strong sense of historic responsibility and mission, all cadres, veteran and young, must continue to study Comrade Deng Xiaoping's theory assiduously and lead party members in studying Deng Xiaoping's theory persistently, thoroughly, and efficiently. We must not slack in our studies.

Discussing ways to continuously deepen theoretical study, Jiang Zemin said: We have accumulated some experiences from seminars and study sessions sponsored by the Central Committee and local party committees recently. The most important of these experiences, and the one most worth popularizing, is the need to earnestly implement the principle of integrating theory with practice in close conjunction with the situation and tasks. We must persist in studying theory in the light of practical problems and must carry forward a good study style which combines study with application. We must pore over the original text of the *Selected Works of Deng Xiaoping*, firmly grasping the theme of building socialism with Chinese characteristics and concentrating our minds on the party's basic line in order to thoroughly understand the quintessence of emancipating minds and seeking truth from facts, and to master comprehensively the theory's scientific system. Meanwhile, we must go deep into the realities under the guidance of the party's basic theory and basic line, adopt a scientific world outlook and methodology to conduct investigations and study, and seek correct answers to the questions that have arisen in the course of reform and economic construction, especially in building a socialist market economy.

He said: The Central Committee has decided that the overall situation of the work of the whole party and the entire nation calls for seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability. This decision—which was made after earnestly analyzing the situations at home and abroad, thoroughly studying various contradictions in everyday life, and extensively soliciting the opinions from various quarters—reflects the requirements of the basic line of "one center, two basic points" as well as the party's deeper understanding of the objective laws having led the socialist modernization drive for more than a decade. Senior cadres in charge of important matters and the overall situation, must thoroughly understand the Central Committee's guidelines and, always bearing in mind and grasping the overall situation, proceed from the overall situation in considering, analyzing, and solving problems, so as to continually enhance their ability to grasp the overall situation and promote sustained, rapid, and healthy development of the economy.

Speaking of how to correctly grasp the overall work of the whole party, Jiang Zemin first called for the use of

Comrade Deng Xiaoping's exposition on reform, development, and stability to educate and unify the thinking of large numbers of party members, cadres, and people. While studying and publicizing Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, particular attention had to be paid to combining theory with practice in studying and publicizing the dialectic relations between reform, development, and stability; and to educating and guiding cadres and people inside and outside the party to conscientiously safeguard the overall situation, to persist in taking development as the objective, reform as the motive force, and the safeguarding of social and political stability as the precondition, thereby organically combining the three and promoting each with the others. Second, it is necessary to realistically assess and judge the current overall situation. This is the prerequisite for grasping the overall situation and ensuring good work. Leaders must stay sober-minded and, above all, make a sober assessment of the situation. Third, it is necessary to solve in a positive and appropriate way prominent problems adversely affecting reform, development, and stability. We must carefully study such problems, identify their root causes, differentiate the circumstances, and strive to properly solve them through well-conceived plans in the course of deepening reform. Fourth, it is necessary to unswervingly follow the party's mass line and give play to the initiative of all sectors of society. We must deepen reform, promote development, and maintain stability. Herein lie the fundamental interests of the masses, which can be realized only by closely relying on the masses. The more crucial the time is, the more necessary it is for our party to bring into play our advantage of close ties with the masses. So long as we have the support of the masses, we can safeguard the overall situation and successfully carry out the work in all fields of endeavor.

Jiang Zemin stressed: The establishment of a socialist market economic structure and the deepening of comprehensive reforms have made it imperative to strengthen and improve party leadership and party building, and to bring the role of party organizations and members into full play. It would be wrong to slacken our efforts in party building or to fail to bring the role of party organizations into full play. It would be an even greater mistake if we dilute and weaken party leadership by separating party leadership and party building from reform, opening up, and the modernization drive, or setting the former in opposition to the latter. Party organizations at all levels must uphold the principle that the party must handle party affairs. This principle requires that all party members, leading cadres at all levels with party membership in particular, care for party building, that the party committee take the lead, and that the party secretary set a good example in handling party affairs. In regard to party building, the Central Committee has formulated plans that call for, among other things, making persistent efforts to arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, improving party conduct, building a clean government,

and making unremitting efforts in carrying out the anticorruption drive. We must earnestly implement them. In building up party organizations, it is essential to strengthen democratic centralism. The fundamental way to solve problems in this regard is to improve rules and regulations, instituting new rules or amplifying existing ones as required. Where sound rules are already on the books, they must be followed earnestly. We must work hard to strengthen grassroots party organizations, institute a system of responsibility in this undertaking, and give different guidance to suit different conditions. In close connection with the task of deepening reform, promoting development, and maintaining stability, we should build up the fighting capacity of party organizations and work hard to deliver some party organizations from their state of incompetence and slackened morale. We must uphold the principle of making the ranks of cadres more revolutionary, younger in average age, better educated, professionally more competent, and with both professional ability and political integrity. We should work hard to build leading bodies at all levels into leadership collectives that unswervingly implement the party's basic line, dare to deal with concrete matters relating to work, innovate, maintain close ties with the masses, and set a good example in performing their official duties honestly. Meanwhile, we must devote earnest efforts in training and promoting younger cadres so they will be able to assume leading responsibilities beyond the year 2000.

In conclusion, Jiang Zemin pointed out: Ours is a party in power. The party committees at the provincial, prefectural, and county levels are the central leading force for other organizations at the corresponding levels and over all our undertakings. The party committee must exercise effective leadership over economic work and other undertakings and, at the same time, improve its method of leadership. This year is a crucial one for China to deepen reform, promote development, and maintain stability. There are heavy responsibilities on the shoulders of leading cadres. It is hoped the rank and file will be of one mind, rally closely together, work cautiously, conscientiously, diligently, and exert themselves in an earnest and down-to-earth manner and with a pioneering spirit to continuously advance the cause of reform, opening up, and the modernization drive.

At today's session, two members of the fourth study class, Gu Jinchi, Ningxia Hui Autonomous Regional Government chairman, and Mao Zhiyong, Jiangxi Provincial CPC Committee secretary, delivered reports on their studies. Wang Jialiu, Central Party School executive vice president, delivered a summation on the four study classes on behalf of the work group for the study classes.

Present at the session were officials from relevant central departments including Zeng Qinghong, Lu Feng, Wang Weicheng, Zheng Bijian, Zhao Zongnai, Pang Xianzhi, Su Xing, Gong Yuzhi, Zheng Keyang, and Chen Fujin.

Jiang Zemin, Chen Xitong Tour Park in Beijing
OW0106155494 Beijing XINHUA in English 1537
GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—It has been a lively day for the World Park in southern Beijing as Jiang Zemin, general secretary of the Communist Party of China (CPC), toured the park amidst the festive trappings of the International Children's Day.

Boasting miniatures of over 100 scenes from 40 countries, the park has already been visited by nearly three million tourists since it opened to the public last October.

Accompanied by Chen Xitong, secretary of CPC's Beijing municipal committee, and Mayor Li Qiyang as well as other central and local government officials, Jiang said, "it's a great park as it can help enrich people's knowledge of the world, its geography and history."

Some Chinese and foreign tourists pressed forward to greet the Chinese president. A small boy of six or seven years old squeezed through the crowd to greet "Grandpa Jiang." His mother said the boy came to Beijing "with a wish to see party and state leaders, and this is really a pleasant surprise."

Jiang greeted a 76-year-old Canadian tourist, saying "wish you good health and a long life." The tourist's grandson invited Jiang to visit his Canadian home someday.

Li Peng Views Work To Alleviate Poverty
HK3005064094 Beijing QJUSHI in Chinese No 10, 16
May 94 pp 6-9

[Speech delivered by Premier Li Peng to the National Conference on Work To Assist the Poor in Development on 3 March 1994: "Work To Assist the Poor in Development Is a Major Strategic Task"]

[Text] 1. Implementing the "80-Million-People Seven-Year Plan" and Helping Impoverished Regions Change Their Backwardness Is the Historical Responsibility of the Party and the Government

It has been seven or eight years since we began assisting the poor in development on a large scale across the country. Since we have always stuck to the principle of assisting the poor in development, we have obtained very great achievements. Vast numbers of cadres and people in impoverished regions across the country have made huge efforts on this, and various relevant quarters, both in the central and local authorities and all circles in society, have given vigorous support, thus making an important contribution to assisting the poor in development.

Comrade Deng Xiaoping says socialism is about eliminating poverty. This is a long-term and arduous historical task. The task of the "80-Million-People Seven-Year

Plan," as was discussed at the meeting, is to resolve the problem of food and clothing for 80 million people in the seven years from now to the end of this century and to help them escape poverty and attain prosperity. This is an unshirkable historical responsibility of our generation of communists and the people's governments at all levels.

Completing the task of the "80-Million-People Seven-Year Plan" is of great significance. First, it has a bearing on whether or not we can satisfactorily achieve the second-step strategic goal of China's modernization. At present, everyone across the country is striving hard with a view to doubling GNP again and allowing the people to lead a comparatively comfortable life. If the problem of clothing and food for tens of millions of people in China remains unsolved by the end of this century, then we cannot say that the second-step strategic goal has been satisfactorily achieved. Second, it has a bearing on whether or not our party and the people's government stick to the goal of attaining common prosperity. The PRC will have through half a century by the year 2000. If, in struggling for two generations, tens of millions of people still cannot solve the problem of food and clothing, but live in poverty, how can we embody the aim of communists wholeheartedly serving the people? How can we bring to light the superiority of the socialist system? Whenever we, communists at all levels who shoulder heavy responsibilities, recall this question, we will feel uneasy when eating and sleeping. The "80-Million-People Seven-Year Plan" formulated by the State Council is determined to steadily solve the food and clothing problem of the masses by the end of this century. We must never postpone the problem to the next century. This is a major strategic plan which is of significance both economically and politically and which must be carried out without failure. Leading comrades in party committees and governments at all levels and comrades in charge of all quarters and divisions must consider this task an important matter, attach great importance to it, do it properly, and strive to complete it as scheduled.

II. Implementing the "80-Million-People Seven-Year Plan" and Assisting Impoverished Regions To Develop Their Economies Is a Strategic Measure To Gradually Narrow the Difference Between the Eastern and Western Regions

Of the 80 million people throughout the country at present who have not completely and steadily solved the problem of food and clothing, over 80 percent are concentrated in the central and western regions, and most are concentrated in the southwest and northwest. Speaking in this sense, solving the problem of food and clothing for the masses in impoverished regions and helping them escape poverty and attain prosperity is a question of gradually narrowing the difference between the eastern and western regions.

On this question, we should have a correct and comprehensive understanding. 1) Differences exist objectively.

The development of things is unbalanced. There are differences between different countries around the world and differences also exist within countries. This is determined by historical, natural, geographical, social, economic, and other factors. It is impossible to completely eliminate differences within a short time. 2) We should gradually narrow differences with a positive attitude with a view to eliminating them in the end. We will stick to the policy of encouraging some people and areas to get rich first through honest labor and legitimate operations so they can bring along and help the development of backward areas in order to achieve the goal of ultimately attaining the common prosperity of the whole nation. If all are poor, then nobody can help. Only when some areas are a little developed earlier and have stronger economic strength will they be in a position to help the backward areas. Comrade Deng Xiaoping said: "Poverty is not socialism (The Collected Works of Deng Xiaoping, Volume Three p 225)." He also said: "Socialism is not where a small number of people are rich while the majority of people are poor."

"The greatest superiority of socialism is common prosperity. This is something that reflects the nature of socialism (p 364, the same volume)." In order to narrow differences and achieve common prosperity, we have already done a great deal of work. Viewing the matter vertically, we see when comparing ourselves that both developed areas and impoverished areas are developing. Viewing it horizontally, the difference between impoverished and developed areas is tending to widen. Therefore, we must draw the great attention of party committees and governments at all levels, adopt effective measures, and make efforts to narrow differences between regions.

Encourage and urge advanced coastal areas which have become prosperous first and large and medium-sized cities to bring along and help the impoverished regions. Generally speaking, there are two channels to help and assist impoverished regions. The first channel is that we distribute national income a second time through the state and then tilt toward the impoverished regions. The second channel is that we have those who have become prosperous first help and assist those who will become prosperous later. Big cities like Beijing, Tianjin, and Shanghai, as well as the coastal provinces whose economies are comparatively developed, all have this responsibility and obligation. But this does not mean the simple uncompensated supply of money and goods, but union and cooperation on the basis of common development mainly through mutual benefit and reciprocity. There are varied forms. They can jointly exploit resources and transform the resource advantages into economic advantages. They can offer technical support to help upgrade quality and product standards and enhance the ability of economic growth. They can offer a stable sales market to encourage the development of production. They can offer employment opportunities through the importation of labor services. They should combine the resource advantages and labor advantages of impoverished

regions with the technology, information, and capital advantages of the developed regions to achieve a rational allocation of resources. This is both beneficial to the development of impoverished regions and developed regions and to the coordinated development of the entire national economy. This kind of cooperation is worthy of vigorous promotion and must be carried out.

The state will give sufficient financial and monetary support to impoverished regions. To assist the poor in development, there must of course be appropriate capital inputs. Without inputs, there will be no output, nor will there be enough food and clothing or development. Over the years, financial authorities and banks at all levels have made very great efforts to increase inputs to assist the poor in development, and they have attained good results. But in our work to assist the poor, we have now entered a stage where major difficulties have to be tackled. As time is very limited, it will be very difficult to completely and steadily resolve the problem of food and clothing for the masses by the end of this century. Without corresponding guarantees of capital, it will be very difficult to do so. The State Council has already decided to provide an additional one billion yuan of work relief funds and one billion yuan of poverty-assistance credits at discount interest rates [tie xi dai kuan 6317 1873 6313 2949] beginning this year. In the future, as financial strength expands, the state will continue to increase inputs to assist the poor. Local governments at all levels should also increase inputs in impoverished regions accordingly. The three municipalities of Beijing, Tianjin, and Shanghai, as well as the six coastal provinces of Guangdong, Jiangsu, Zhejiang, Shandong, Fujian, and Liaoning, should raise their own poverty-assistance funds. The central authorities' poverty-assistance funds will be concentrated in the poverty-stricken central and western provinces (regions).

To increase inputs in poverty assistance, we cannot merely depend on the government, but also forces in society must pool poverty-assistance funds in various areas within the scope allowed by state policy.

The state should tilt major projects toward impoverished regions. Although impoverished regions in the western regions are comparatively poor at present, they are rich in resources, which is a big advantage. When formulating development plans, all divisions of the State Council should fully consider this advantage. They should arrange for some resource exploitation projects of a comparatively large scale and some infrastructural projects for impoverished regions in keeping with the principle of giving equal priority. Fundamentally speaking, in order to thoroughly change the backwardness of impoverished regions, we should, to a very large extent, depend on the impetus of these key large-scale projects.

Gradually straighten out prices of raw materials and primary products through reform. Under the previous planned economic structure, prices of raw materials and primary products were very low, and prices of farm

products were not high either. Presently, the price structure and the circulation structure are being reformed in keeping with the requirements of establishing a socialist market economic structure. As reform is deepening, it will be possible to achieve exchange at equal prices for timber, petroleum, coal, nonferrous metals, and all other resources in nationwide integrated markets and developed areas. This is an important measure to promote the development of the central and western regions. The impoverished central and western regions should also use the favorable opportunity of reform and opening up to develop themselves.

Improve the quality of personnel and scientific and technological levels in impoverished regions. This is a very important measure of fundamental significance. Over the years, we have had very good progress in training personnel in impoverished regions and in exchanging cadres between the western and eastern regions. We should continuously stick to this and expand it. There are now two kinds of noteworthy large-scale flows across the country. The first is that of the labor force flowing from the west to the east and that the scale of labor service exports is continuously expanding. The second is that craftsmen and skilled personnel are flowing from the east to the west and that they are found in every corner of the cities and countryside of the western regions.

The flow of labor from the west to the east not only enables impoverished regions to participate in the development of the national economy by making use of the large numbers of employment opportunities created by developed coastal regions, but can also improve the quality of laborers in impoverished regions. This is a special kind of training. The flow of craftsmen and skilled personnel from the east to the west is, in fact, a kind of technology export. It can improve the technological level and expertise of impoverished regions in a more effective and more practical form. These two flows are of very great significance to improving the quality of laborers and improving scientific and technological levels and must be fully affirmed and continuously developed. As for the large-scale "wave of migrant workers," we must not let it flow freely but should actively divert it and rationalize its flow in an orderly way to reduce confusion in social order and economic losses.

It is necessary to experiment with open-style poverty assistance on the basis of sticking to developmental poverty assistance. In order for impoverished regions to develop, they surely need to develop township and town enterprises and develop their tertiary industry. While setting up township and town enterprises in these regions, we can also experiment with developing industry in areas with appropriate conditions by giving profits and tax income back to the impoverished regions and arrange for the employment of the labor force in these regions. This may overcome the unfavorable position of impoverished regions in developing enterprises

and is beneficial to enhancing the efficiency of enterprises, enhancing the efficiency of poverty-assistance funds, and upgrading poverty-assistance work overall.

Mobilize forces in society to support the development and construction of impoverished regions. Over the years, various quarters, including state organs, mass organizations, democratic parties, large and medium-sized cities, developed regions, industrial and commercial enterprises, universities and colleges, scientific research academies and institutes, and the People's Liberation Army have carried forward the spirit of assisting and aiding the poor and have actively participated in the development and construction of the impoverished regions. In addition to giving financial and material support, they have utilized their own advantages and assisted the poor with their knowledge, science and technology, and talented personnel. They have acted as go-betweens for impoverished regions, come up with proposals and plans, and introduced projects and technology to them. They have undertaken to help a region until it finally gets out of poverty and attains prosperity. All these methods have made important contributions to poverty-assistance work at the previous stage. This not only reflects the affectionate concern of all circles in society for the impoverished regions but also embodies the traditional virtues of our Chinese nation. We hope that all circles in society can further mobilize themselves, have genuine affection and love, and make contributions. Here we have to specifically stress that I hope that large state industrial and commercial and foreign-trade enterprises extend to the impoverished regions, set up projects there, choose projects with good efficiency, and combine their own development with the development of the impoverished regions.

Alleviating poverty and eliminating poverty is a global issue. It is also the duty of the United Nations and numerous other international organizations. China's elimination of poverty is part and parcel of the world's elimination of poverty. Therefore, it is necessary to strengthen cooperation between China and international organizations in assisting the poor in development so that the international community can better understand and support China's poverty-assistance work.

Impoverished regions should carry forward the spirit of self-reliance and arduous struggle. Support from the state and help from society are both necessary, but the efforts of the impoverished regions themselves are more important. External factors act through internal factors. Henan's Lin County and many other counties, townships, and villages that have become prosperous first have a history of arduously pioneering a cause. We should learn from their spirit and experiences. Only when we have this can we overcome difficulties, escape poverty, and attain prosperity. Moreover, we should pay attention to picking good cadres who have a spirit of making sacrifices, who can bear hardships and stand hard work, and who maintain ties with the masses; consolidate leading groups at all levels in impoverished

counties; maintain relative stability; and allow them to rest assured and lead the masses in changing their backwardness.

III. In Implementing "80-Million-People Seven-Year Plan," We Should Carry Out the Provincial Governor Responsibility System, in Which Responsibility Rests at Every Level, Mainly at the Provincial Level, Under the Unified Leadership of the CPC Central Committee and the State Council

I agree to the principle of unified leadership with responsibility resting at every level and mainly at the provincial level stressed in the 80-Million-People Seven-Year Plan. Taking the provincial level as the mainstay demands that the major responsible comrades in the provincial CPC committee and provincial government care for and pay good attention to assisting the poor. We should be clear about one point, however, namely that the provincial governor takes charge. Implementing the "80-Million-People Seven-Year Plan" and solving the problem of food and clothing for the masses is a systematic project. It involves such economic activities as finance, banking, agriculture, water works, industry, and commerce, as well as various aspects such as culture, education, public health, and family planning. Practice over the years proves that it is not enough for vice governors to take charge separately as it is very difficult to coordinate various aspects and various quarters. Therefore, it is necessary to rely on the head of the government to take charge of everything and make overall plans and arrangements.

The very criterion with which to measure whether or not leading cadres at all levels really work for the benefit of the people and care for the plight of the people is whether or not they can complete the "80-Million-People Seven-Year Plan" as scheduled and solve the problem of food and clothing for the poor population of their own localities. When determining the good and bad work of a province, region, or municipality, we must not merely look at the rate at which its economy grows but also at whether its efficiency is good or bad, whether the people's living standards have improved quickly or not, and how well the problem of food and clothing for the poor population has been solved. Our leading comrades at all levels must not merely pay attention to developed regions, but must all the more place in their hearts the plight and warmth of the ordinary people of the impoverished regions. All provinces, regions, and municipalities must formulate their own plans in keeping with the demands of the "80-Million-People Seven-Year Plan." They must set demands for progress and make specific plans regarding how many people have had their problems solved this year, how many will have their problems solved next year, and how the problem has been solved. They should conduct an inspection each year during which the good will be commended and the bad criticized so that everyone is urged to complete their tasks as scheduled and do not slacken their efforts at all.

All divisions of the government should continue to make it their unshirkable duty to assist the poor in development. In addition to mainly helping a particular impoverished region, they must formulate poverty-assistance plans for their own business or division in keeping with the tasks set forth by the "80-Million-People Seven-Year Plan" as specific contents and measures for implementing the "80-Million-People Seven-Year Plan."

Implementing the "80-Million-People Seven-Year Plan" is an arduous and glorious duty. I believe that as long as everyone has confidence, is united as one, makes concerted efforts, and courageously tackles difficulties, we will surely be able to achieve the goal of the "80-Million-People Seven-Year Plan" by the end of this century, and the economic and social development of the impoverished regions will enter a new stage.

Li Peng Meets Outstanding Young Scientists

OW0106142094 Beijing XINHUA in English 1344 GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—Premier Li Peng met with five outstanding middle-aged and young scientists here today in Zhongnanhai, the seat of the Chinese Central Government.

The five scientists were Bai Chunli, Ma Songde, Guo Lei and Wang Zhixin, all professors and institute directors or deputy directors from the Chinese Academy of Sciences (CAS), and Li Bo, a senior engineer under the Ministry of Metallurgy.

When talking about the research and development in biological engineering, the premier said that Chinese scientists should have the high aspiration of making breakthroughs.

He said that the government has given support to projects for training professionals who will lead research in the related fields next century.

"China now has a number of outstanding scientists who have just returned from abroad," the premier said, and "the government should try its best to support them and create a good environment for their research."

As for the development of science, he said, "we should also seize every opportunity."

At the end of the meeting, Li expressed hope that the young scientists make greater contributions to the country's construction.

Li also hosted a dinner for the scientists this evening.

State Councillor Song Jian and CAS President Zhou Guangzhao were also present.

Former CPPCC Standing Committee Member Dies

OW0206010594 Beijing XINHUA Domestic Service in Chinese 0822 GMT 31 May 94

[Excerpt] Beijing, 31 May (XINHUA)—Comrade Li Chuli, former member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and deputy head of the International Liaison Department of the CPC Central Committee, died of illness in Beijing on 15 May at the age of 95. [passage omitted]

'Leadership' Permits Zhao Ziyang To Move to Chengdu

HK0206060294 Hong Kong SOUTH CHINA MORNING POST in English 2 Jun 94 p 11

[By Willy Wo-Lap Lam]

[Excerpt] [passage omitted] Meanwhile, sources in the Chinese capital have confirmed that the leadership had earlier this year given permission to ousted party chief Zhao Ziyang to relocate to Chengdu, the capital of Sichuan. But since Mr Zhao's wife is suffering from a heart ailment, the couple is expected to return to the capital on a regular basis.

The sources said this new dispensation did not necessarily mean Mr Zhao's political opponents, including President Jiang Zemin and Premier Li Peng, had relaxed control over the leader of the party's liberal faction.

Tian Jiyun Inspects Shanxi Province

OW0106190594 Beijing XINHUA Domestic Service in Chinese 0836 GMT 31 May 94

[By XINHUA reporter Wu Lan (2976 1526) and SHANXI RIBAO reporter Du Tianwei (2629 1131 1218)]

[Text] Taiyuan, 31 May (XINHUA)—Accompanied by Hu Fuguo, secretary of the Shanxi provincial party committee; Lu Gongxun, chairman of the provincial people's congress standing committee; and Vice Governor Guo Yuhui, Tian Jiyun, member of the CPC Central Committee Political Bureau and vice chairman of the Standing Committee of the National People's Congress, went down to the fields and construction sites in Yangquan, Jinzhong, Taiyuan, Xinzhou, and other prefectures and cities for on-the-spot inspections from 28 to 31 May. After hearing the work briefing by responsible comrades, he noted that Shanxi must stabilize the agriculture through all possible means and promote the development of village and town enterprises as well as coal production.

On 28 May, Tian Jiyun and his party came to Dazhai Village in Xiyang County. He ascended the Hutou Shan with great interest and carefully inspected the Dazhai-type fields which decorated the slopes with gullies and

ridges. This is the fourth time he ascended the Hutou Shan and he asked Guo Fenglian, secretary of the Dazhai Village party branch, about the production situation in recent years. On his third visit to Dazhai in March 1992, few changes were apparent in Dazhai despite over 10 years of reform and opening up. He was discouraged to find out that Dazhai still basically relied on agriculture and the per capita income was only 600 yuan. He encouraged the Dazhai people to "emancipate their minds, renew their concepts, widen their roads, and strive for a comfortable life with concerted efforts" at that time. Two years passed, and he saw a great change in the spirit and appearance of the Dazhai people when he came here again—Dazhai Village has taken a new step in reform and opening up and promoted its economic development to a new level; it has not only further developed agriculture, but has also built a shirt factory, a woolen sweater factory, a cement factory, and started a transportation service. Last year, the village's total income exceeded 10 million yuan for the first time; of this, non-agricultural income accounted for 93.6 percent, and per capita income reached 1,350 yuan. Tian Jiyun smiled with delight. He said: Within merely two years, the Dazhai people have paid attention to industrial and sideline production, reaped bumper grain harvests, and flourished in second and tertiary industries after ensuring grain production. This is a correct path. To construct a new Dazhai, it is necessary to adhere to the theory of building socialism with Chinese characteristics, and shift one's thinking and concepts from a planned economy to a market economy, as well as from a product economy to a commodity economy. Developing agriculture by merely concentrating on the production of one single kind of grain can only feed the people; in such a case, people will not eat well, much less become prosperous. He hoped that Dazhai, the red flag that has once been fluttering on the agricultural front of China, would make some achievements in the spring tide of the market economy and that a number of new Dazhais that integrate agriculture, industry, and trade for the overall development of agriculture, forestry, husbandry, sideline production, and fishing and that are constructed on the basis of a commodity economy would emerge in Xiyang County, Jinzhong Prefecture, and Shanxi Province. He once again encouraged the Dazhai people to "construct a socialist new Dazhai and restore their past heroic style with new ideas and concepts and on new roads and a basis. [quotation mark as received]

During his visit in Shanxi, Tian Jiyun inspected the terminal of the Taiyuan Airport, which was still under construction, and the construction site for the elevated waiting-room of Taiyuan Train Station. He praised the landlocked Shanxi's method of strengthening infrastructure construction to promote opening up.

After hearing the work briefings by the provincial party committee, provincial people's congress, and provincial government, Tian Jiyun noted: The idea of three foundations (agriculture as the foundation of the economy, infrastructure, and basic industries) and four emphases

(coal mining, power supply, water diversion, and road maintenance) proposed by Shanxi tallies with the actual situation in Shanxi and is very correct. He hoped that Shanxi would stabilize agriculture through all possible means and develop village and town enterprises as well as coal production. When Tian Jiyun was informed that this year was Shanxi's most difficult time in coal production and other provinces had defaulted on 8 billion yuan for Shanxi's coal and freight, he said: Stabilizing coal production is as important as stabilizing agriculture for Shanxi. Only by revitalizing coal production can Shanxi revitalize the economy. Therefore, the difficulties and problems of the coal industry must be resolved through all possible means to boost coal production.

Speaking on the work of the people's congresses, Tian Jiyun said: Improving legislation and ruling the country by laws are not only necessary for the practice of a socialist market economy, but also a must for ensuring the state's long-term peace and stability. Therefore, people's congresses at all levels must conscientiously do a good job in legislation and supervision over law enforcement.

CPC Reportedly Concerned About Labor Unrest
HK3005013594 Hong Kong TANGTAI in Chinese No 38, 15 May 94 pp 20-22

[Article by Lu Yu-shan (7627 6276 2619) from Beijing: "CPC Guards Against Mass Disturbances"]

[Text] The CPC authorities recently took a series of tough actions; this was closely related to the present social situation. In addition to worsening unemployment, the inflow of rural migrant laborers into the cities in large numbers, the deterioration of inflation, the increasingly seriousness of crimes, and the widening gap between the rich and the poor, the problem most worrying to the CPC authorities was the appearance of organized labor movements. There were also some indications that some labor organizations were linked with some intellectuals. If there is indeed an outbreak of labor unrest with the support of some intellectuals who give advice to the workers, that will be the most serious challenge CPC authorities will face. In the past, the CPC mounted the political stage by soliciting support from workers and peasants. At present, in addition to the growing labor movements, the sentiments of the peasantry are also unstable. Although peasant unrest has been limited to particular areas, if trouble appears among the worker and peasant masses and if intellectuals are also involved in the turmoil, then the nightmare of the CPC authorities will come true.

We may first view the living conditions of the workers. The authorities have admitted that one-third of the state-owned enterprises are running in the red; another one-third have incurred invisible business losses; and only the remaining one-third are making slight profits or making profits merely in the accounting books. A large

number of workers are in fact living in the worst condition. In particular, some large manufacturing and mining enterprises have no money to pay wages to workers at all. The well-known Jixi Mining Bureau of Heilongjiang Province could only give 40-yuan-worth of meal coupons to 420,000 workers every month. The workers had to bring their families to the canteens to fetch the limited food rations, and they had no money for other consumption at all.

Another example was Lianzhao Coal Mine of Hunan Province. It was a coal mine developed according to Mao Zedong's plan for meeting energy needs in the south. Production was suspended there, and 120,000 workers became jobless. Some of them took to the streets and expressed their hope for "work, food, and money."

According to the analysis of a certain official brain trust, four workers now have to support one jobless person (that is, one-fifth of the working force is now laying idle). The situation in factories and mines which are running in the red is even more serious. In some cases, three or even two workers have to support one jobless person. People add burdens to each other, and there is no way to improve their livelihood.

Strong worker resentments inevitably increases labor-management disputes. According to statistics by the Ministry of Labor, last year the number of large-scale labor-management disputes exceeded 12,000. In some 2,500 cases, workers besieged plants, set fire to facilities, staged strikes, or detained bosses or leaders. Such events directly threatened the personal safety of party leaders in various factories and mines. In Jixi Mining Bureau, enterprise leaders did not dare to go to the pits for fear that they might be attacked by the workers.

The local governments did not want to report such events to higher authorities because assessment of their work performances might be affected. Therefore, the national federation of trade unions only recorded 460 strikes last year. However, investigators sent by the central authorities found that in Zhejiang Province alone, the number of strikes exceeded 400 last year.

The discontent of workers was also related the corrupt and exploitative practices of enterprise leaders and local officials. According to some internal investigations made by the national federation of trade unions, although many factories and mines were running in the red, the account books still recorded such items as "director funds" or "director-disposed funds." On the surface, such funds were used to develop business; in fact, the money was only used by the factory directors to develop their personal relations with leaders of other enterprises, or they might even line their own pockets with such money. This aroused strong indignation among the workers.

Recently, a court in Beijing sentenced Guan Zhicheng, former general manager of an iron and steel company in Beijing, to death after finding him guilty of embezzlement, and the convict was executed immediately in

order to calm down the indignation of the masses. However, because the masses found that the authorities were evasive when handling the case, they denounced the execution of Guan Zhicheng as being aimed at doing away with a witness in a syndicated crime. Thus, other officials involved in the corruption case might be at large.

As workers are facing increasing pressure in their daily lives, their relations with enterprise leaders also become tense. In Sichuan, leaders of state-owned factories and mines all have pistols for self-protection. Some leaders even bring police barons along with them. This shows that authorities were indeed guarding against labor unrest.

The authorities did not dare to recklessly take high-handed action against resentful workers because they knew that workers, unlike intellectuals who may be persuaded, may react violently. On the one hand, the authorities managed to improve the living conditions of workers; on the other hand, an old method—ideological education—was used. Recently, Zhu Rongji approved the allocation of 500 million yuan as a relief fund for jobless workers who are in financial straits. However, this was something like trying to put out a burning carload of faggots with a cup of water, and would be of no avail. In addition, the CPC Central Propaganda Department recently organized many activities. It held work conferences on ideological education for workers in Shanghai and Sichuan. The meetings were chaired by Xu Weicheng, deputy director of the Central Propaganda Department. The authorities hoped that through such education, the working class would serve the overall interest and support reform. However, the ideologues also tried to consolidate their personal position by stressing the importance of political and ideological education. When they discussed the interests of the workers, they particularly shifted the contradictions to the foreign-funded enterprises and encouraged workers in the foreign-funded enterprises to organize trade unions.

The workers knew that this was not exactly what they urgently needed. Some workers came to realize that they had to rely on their own strength to strive for better conditions for their own survival. Beginning 1992, some fragmented organizations appeared among the workers. Originally, the authorities tried to include such organizations in the national federation of trade unions. However, they found that this was not feasible. So they made the regulations more stringent for controlling the worker organizations. Those which were not registered according to the regulations were regarded as illegal underground trade unions that would be banned.

However, underground trade unions still continued to develop rather rapidly. Although they were rather fragmented, they gradually spread in all parts of the country. In particular, there are more underground trade unions in South China. The authorities originally intended to encourage workers in the foreign-funded enterprises to

organize trade unions, but they themselves are now facing the threat of underground trade unions in the state-owned enterprises. The authorities later even discovered that some of the underground trade unions had joined hands with some intellectuals and were greatly shocked by this trend.

In early 1994, the authorities found that the trend was getting more and more unfavorable to them, and they had to check it without delay. Material prepared by the Ministry of Public Security showed that 10 underground trade unions had grown on a considerable scale. They grew stronger by means of helping workers seek a livelihood when the factories and mines failed to guarantee it. Jobless workers were thus organized to seek livelihoods. Such legal activities were independent of trade unions controlled by the authorities.

Before and after 4 June last year, the authorities for the first time discovered that intellectuals pointed out the failure to identify themselves with workers and peasants when drawing a lesson from the 4 June incident in 1989. This aroused the attention of the authorities.

A more obvious example was that during the Second Session of the Eighth National People's Congress [NPC] in March this year, some worker organizations even directly submitted their organizational charters to the people's deputies. Some people's deputies even brought such documents to Beijing in order to spread them. This discovery further strained the nerves of the CPC authorities.

Before the NPC session the Yuan Hongbing incident happened. Yuan Hongbing submitted a petition letter legally to the Complaint Office of the NPC Standing Committee, and the petition was supported by a large number of workers and ordinary people. After that, more than 200 people visited the Complaint Office at the same time. The CPC authorities found that the workers must not be allowed to join hands with intellectuals in the labor movement. Last month, an underground trade union case reflected the action taken by the CPC authorities against such trend.

In the case, four of the 16 accused people are workers, two are cadres, two are self-employed workers, three are jobless people, and the remaining five are intellectuals, namely, Hu Shigen, former lecturer with the Beijing Language College; Kang Yuchun, former doctor with Beijing's Anding Hospital; Lu Zhigang, former student at the Law Department of Beijing University; Wang Tiancheng, former teacher in the Law Department of Beijing University; and Wang Peizhong, former graduate student in the Research Institute of Science and Technology for Petroleum Prospecting and Exploitation. The authorities accused them of organizing the "Liberal Democratic Party of China," the "Progressive Alliance of China," and the "Preparatory Committee for the Chinese Free Trade Unions." They drafted party constitutions and charters, "action principles and work methods," "interim rules for members of the Alliance," a

"free forum," and wrote such articles as "Heroic Souls of 4 June Will Exist For Ever" and "On Free Trade Unions." They also distributed such documents and articles in large quantities.

While the feelings of the workers were unstable, the peasants were also quite upset. According to secret statistics kept by the authorities, 44 local post offices and banks were stormed and looted by peasants, because the peasants could not withdraw money remitted to them by their relatives from the coastal areas.

When peasants lost their temper, they did not care how high-ranking the officials they were facing. Last December, when Jiang Zemin visited Shaoshan, the home village of Mao Zedong, to unveil a Mao statue, he encountered a large number of petitioning peasants. Jiang was surrounded by the peasants for nearly one hour. Finally, the Hunan Provincial CPC Committee sent officials to coax the peasants to go away.

The authorities thought that if the peasants were kept from migration, less trouble might happen. However, a research project conducted by the CPC Central Committee's Policy Research Office on the movement of the rural labor force between different regions showed that peasants were moving on a large scale, within broad areas, over a long period of time in all parts of the country, and they were also involved in more and more trades and industries. As long as peasants leave home, they will immediately find that they are living at the bottom of society, and they cannot match urban residents in any aspect. They will even feel that they are being exploited by the urban residents. This is root cause of the potential turmoil.

According to the findings of the research project, in the six provinces of Sichuan, Anhui, Hunan, Hubei, Henan, and Jiangxi, people going out to seek jobs numbered 24 million in 1993 as compared with only 2 million in 1982. If peasants from all parts of the country are included, the number is be much greater.

Resentment also existed among people who were neither workers nor peasants. Even urban residents also learned to express their discontent by taking to the streets. There were two petition incidents in Shanghai recently, and the municipal government was driven to an embarrassing position. In one case, the residents found that government land requisition was unfair, so several hundred people held a sit-in in front of the government building. Shanghai television broadcast this event. The municipal government originally hoped that the television report might explain the situation to the residents so that the dispute might calm down more quickly. However, the station even broadcast footage that showed the miserable conditions of the residents, and the petitioners won wider sympathy from other people. In another case, a large number of Shanghai people were taken in by unscrupulous merchants who sold counterfeit rings, and they petitioned the authorities for seeking help.

Various signs showed that if any events occurred and triggered off widespread popular indignation and resentment, the authorities would not be able to bring the situation under control any more. In order to prevent the potential crisis, the authorities had no other option but taking preemptive highhanded measures.

Chen Jinhua Reviews Price Inspection Results

OW0106203994 Beijing XINHUA Domestic Service in Chinese 1123 GMT 31 May 94

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Li Anan (2621 1344 1344)]

[Text] Beijing, 31 May (XINHUA)—The National Commodity Price Inspection Work Conference opened today in Beijing. Chen Jinhua, head of the National Commodity Price Inspection Leading Group and minister in charge of the State Planning Commission, spoke at the meeting. He said: With the implementation of various macroeconomic and price control measures and with the carrying out of national commodity price inspection, the excessive rises in the general levels of commodity prices have begun to slow down.

Vice Premier of the State Council Zou Jiahua attended today's meeting. During the meeting, Chen Jinhua reviewed the national commodity price inspection work in the previous period. He pointed out that the work on national commodity price inspection has achieved initial results, thanks to the transmission of the circular calling for implementing price inspection, to the spreading of the news on carrying out price inspection, and to the arrangement made jointly since March by commodity price departments and other relevant departments on price inspection. He listed the following as the major accomplishments of price inspection work.

- Price inspection has helped raise the people's awareness of the necessity of regulating and controlling prices under a market economy. Since the beginning of this year, leading comrades of the CPC Central Committee and the State Council have repeatedly stressed the need for enhancing macroeconomic regulation and control, bringing down inflation, and maintaining social order. During national commodity price inspection, the State Planning Commission and propaganda department launched a propaganda drive aimed at deepening reform, enhancing macroeconomic regulation and control, and promoting healthy market growth. This drive has helped bring about a favorable climate to stress the need for exercising regulation, control, and management over prices under a commodity market economy and marked the beginning of a change in the laissez-faire attitude over the decontrolled prices.

- Price inspection has promoted the implementation of price regulation, control, and management measures formulated by the state. Some provinces (autonomous regions and municipalities) have begun establishing a

grain risk fund system. The system of showing clear price-markings on commodities and of a clear listing of service charges has been promoted at state and collective-owned retail stores and at fee-charging administrative units. Private enterprises and individual vendors have also begun to show more responsiveness to the call for clear price markings and to the call for clear indications of service charges. A considerable number of provinces (autonomous regions and municipalities) have worked out specific rules for supervising and reviewing the prices of daily necessities and service charges.

- Price inspection has helped investigate and deal with a number of cases involving pricing irregularities. Various localities have conducted checks on the prices of consumer goods, on monopolistic means of production prices, and service charges. According to incomplete statistics, between the period of 10 March and 10 May, over 190,000 cases of pricing irregularities were uncovered throughout the nation involving illicit gains of about 400 million yuan. So far, 100,000 cases of pricing irregularities have been dealt with and fines of over 88 million yuan have been imposed. As a result of investigating and handling cases of pricing irregularities, the practices of price gouging and of arbitrary fee collection have been checked. Localities have paid particular attention to disclosing the handling of a number of serious cases which have created a great social impact. So far, various localities have publicly handled some 1,200 cases of price irregularities.

- Price inspection has helped manufacturers and business operators to strengthen in-house price management. During the national commodity price inspection, many enterprises conducted in-house price-checks, reported voluntarily on pricing, corrected their pricing mistakes, and standardized price-setting practices of their own accord.

Chen Jinhua stressed that the CPC Central Committee, the State Council, and the masses had attached great importance to and placed great expectations on national commodity price inspection. Price inspection tasks had been arduous and were conducted in very short time. The next task for various levels of governments, he said, is to conscientiously review previous work, sort out problems, analyze causes of the problems, formulate countermeasures, and carry out price inspection work in a down-to-earth and in-depth manner. Chen Jinhua said it is necessary to enhance leadership and to exert efforts by placing priority on checking key product prices whose sharp rises affect the general level of commodity prices and to checking prices of other products and service charges whose rises cause the masses' great dissatisfaction. The first priority, he said, should go to checking the prices of grain, cotton, and other daily necessities. The second priority should be to check rural areas' electricity rates and the prices of such means of production as steel and refined oil. The third priority is to check basic service charges. The purpose of checking key product prices, Chen Jinhua noted, is to put to a stop to the

practices of pricing irregularities and to help bring stability into the masses' basic life. The guiding and supervisory roles of public opinion should be brought into full play. Deeds of advanced models should be publicized. Efforts must be made to strictly investigate into and deal with a number of typically bad cases; those who are found to have been involved in the practices of price-gouging and of making arbitrary collections of fees must be exposed to the public. This will encourage the people, help enterprises adopt proper price-setting behavior, and deter would-be price-gouging units and individuals. It is necessary to treat a disease by looking into both its root cause and symptoms. Therefore, efforts should be made to improve and perfect existing laws and regulations and accelerate the pace of pricing legislation. There is a need to persist in carrying out price inspections together with conducting an investigation and study of pricing problems; to sum up experiences; to plug loopholes; and to study measures to enhance price regulation, control, and management. He expressed the hope that departments concerned will continue close coordination, bring into play their respective advantages, and continue to help the masses supervise prices. He also said that it is necessary to strengthen leadership over pricing work, to help maintain stability at price-related organs, to increase price inspection work force, and to improve the price inspection method. In conclusion, Chen Jinhua called on all levels of governments to show greater concern and support for price inspection work.

Commentator on Reform, Development, Stability
HK0206095094 Beijing QJUSHI in Chinese No 10, 16 May 94 pp 10-12

[Commentator's article: "Correctly Handle Relationship Between Reform, Development, and Stability"]

[Text] This year, as a crucial year in China's march toward the goal of establishing a socialist market economic structure, we will face arduous and difficult tasks in reform and development. Correctly understanding and handling the relationship between reform, development, and stability is of important significance to the proper manipulation of the general work set forth by the central authorities and to the successful completion of all tasks.

Reform, development, and stability, which form a dialectical unity, are interrelated and complement each other. They are three indispensable pivots supporting the comprehensive development of society. Reform is the motivating force, development is the goal, and stability is the indispensable precondition for reform and development, while reform and development on their part serve as a solid foundation ensuring social stability and perpetual political stability. We must certainly proceed from the general interests and make sure everything is properly done regarding reform, development, and stability. Failure in any one of these three aspects is bound to affect the two other aspects and thus upset the whole situation.

Deepening reform and expanding the opening up process is the only way to boost the economy. Reform is a process of self-perfection and the development of the socialist system. Reform further revitalizes the productive forces in society and brings forth great economic development through a profound readjustment of the relationship between the productive forces and production relations and of that between the economic base and the superstructure of socialist society. The further reform and opening up advances, the more conditions favorable to economic development are available. In the course of its development, China's economy still faces some contradictions and difficulties. For instance, the unsound state of the macroeconomic regulation and control system, the irrational economic structure, and the serious drain on the central government's financial and tax revenues; the overexpanded scale of investment in fixed assets and the rather wide margin of price increases, which have resulted in more restrictive "bottleneck" effects on economic growth and stronger inflationary pressures; greater operational difficulties facing many state-owned large and medium-sized enterprises and the undermining of agriculture as the basis; and so on. These phenomena are due to the interaction between residual shortcomings of the old structure and the unsound state of the new structure and mechanisms, and are problems stemming from the deeper level of the structure, which is inevitable when reform is advancing on all fronts. The fundamental solution to the problems should be to further in-depth reform. Since last year, the central authorities have advanced reform to a new breakthrough stage in key links and reform is advancing on all fronts in accordance with the requirement for the establishment of a socialist market economic structure. Plans to reform the financial and taxation system, the banking system, the investment system, and the foreign trade system have been formulated and put forth, while enterprise reform is continuing to develop in depth with the focus laid on the transformation of operational mechanisms, and efforts are being made to foster the market system and to establish and perfect a system of macroeconomic regulation and control. These new measures and plans are to meet the objective needs of and serve as an effective guarantee for the in-depth development of reform. If we fail to conscientiously and promptly carry out these measures and plans, it will be difficult for us to deepen reform, the process of establishing a socialist market economic structure will be prolonged, and, consequently, long-term economic development will be jeopardized. So long as we fight this "hard-won major campaign" well and successfully establish the basic framework of a socialist market economy, we will lay down an important foundation for the revitalization of China's economy. Therefore, leading people at all levels must devote more energy to reform; work more conscientiously, more meticulously, and in a down-to-earth manner; and ensure constant development of in-depth reform. They must further emancipate their minds, uphold the principle of proceeding in everything from reality, boldly blaze new trails, sum up experiences in good time, properly solve contradictions and problems

arising from the in-depth development of reform, and thus ensure the successful accomplishment of all reform targets.

Development is the last word. It is the starting point and the destination of reform, and the result of the reforms will finally be displayed through development. In order to prepare a solid material basis for all the undertakings of socialism with Chinese characteristics, the key lies in economic development. To achieve development we need new ideas and new methods, which spring from reform. Bypassing reform as a key process means we are seeking development through the old structure and old methods. Only by conducting reform, establishing a new structure, and creating new methods will we be able to achieve development. When talking about development, we not only mean striving to achieve a quantitative increase, but also to seek a qualitative improvement of the economy. We must increase economic returns through structural readjustment, technological transformation, product development, and scientific management, and we should no longer follow the old path of extensive management—blindly seeking high output and expanding the scale of investment.

The normal operation and healthy development of the socialist market economy depends on coordination between different trades and between the part and the whole, and on the balance between economic returns and the growth rate. When seeking development, a locality or a sector should never sacrifice general and long-term interests for partial and immediate interests. Partial interests must be submitted to general interests, and one must give consideration to partial interests as well when seeking general interests. Only in this way can both partial and general interests be promoted side by side. The economic growth rate should increase along with an improvement in economic returns. The growth rate should be set within the limits of our resources and ability. We do not want a high growth rate only, but also steady and solid growth with the simultaneous improvement of economic returns ensured. This sort of development is solid development, the sort of development that socialism with Chinese characteristics wants and which we are striving for while ensuring stability.

Reform and development needs a stable social environment. Without stability, no economy can thrive under any social system. There are no exceptions in history, in China or in other parts of the world alike. Only when a country is enjoying political and social stability and the public are in a tranquil mental state can reform be carried out in an orderly manner and can the country achieve its set targets for development. Without stability, nothing can be achieved. Reform cannot be carried out successfully, let alone development. As pointed out by Comrade Deng Xiaoping: "Without a stable environment, everything will fall through. Even achievements already made will be void." Of course, reform and development can also give an impetus to the promotion of stability. Reform helps eliminate existing irregularities and problems and establishes a more scientific and

rational new structure, thus bringing about economic prosperity and an improvement in living standards. This is also a reliable approach to and fundamental guarantee for the achievement of stability.

Properly handling the relationship between reform, development, and stability is an important strategic matter which has a bearing on the development of socialism with Chinese characteristics. The faster reform develops in depth, the more one needs to keep sober-headed. It is necessary to comprehensively analyze and accurately judge the basic conditions regarding reform, development, and stability from a realistic point of view and in light of actual circumstances, and then handle the situation properly.

Out of consideration for general interests which rest on reform, development, and stability, we must treat and resolve the issues of an overheated economy and inflation. At present, the scale of ongoing construction projects is already very large in our country. The scale of investment to be launched this year is not small either, and therefore restrictions due to the "bottleneck" effect and inflationary pressures will increase in the wake of economic development. Nevertheless, some localities and sectors are still blindly seeking high output value and growth rates and are expanding the scale of investment in quite a big way. If the scale of investment gets seriously out of control, this will inevitably aggravate inflation and price hikes. It will not only cause drastic economic fluctuations and affect the sustained, rapid, and healthy economic development process, but will also create many difficulties in the basic livelihood of the public. Exceptional increases in commodity prices will in turn disturb the public and cause social unrest, affecting the smooth progress of reform and economic development as a whole. Therefore, this problem will not only affect reform and development but will also upset social stability; therefore, it is necessary to deal with it seriously. All localities and all sectors must give first consideration to general interests, strictly implement the state's macroeconomic regulation and control policy, set an appropriate development speed according to their own conditions, and actively support the central authorities in comprehensively coordinating economic operations and maintaining a balance between aggregate supply and demand.

Out of a consideration of the general interests which rest on reform, development, and stability, we must make great efforts to reinvigorate state-owned large and medium-sized enterprises and agriculture, both of which are the mainstays and foundation of the national economy and support social development and stability. How well they do will not only determine whether sustained, rapid, and healthy economic development can be maintained, but will also have a bearing on improved living standards for the vast number of staff members, workers, peasants, and cadres. Running well state-owned large and medium-sized enterprises and reform of the agricultural structure will not only give a great impetus to overall development and to work on all fronts, but will

also help promote closer ties between the party and the public and consolidate the worker-peasant alliance, thus ensuring that the party and the masses, as well as the workers and peasants, will work together with one heart and one mind to safeguard the general interests. All localities and sectors must place the operation to invigorate state-owned large and medium-sized enterprises as the order of the day, work hard to ensure a smooth transformation of the operational mechanism of state-owned enterprises, gradually establish a modern enterprise system, actively improve the internal management of enterprises, vitalize enterprises, increase their potential for development, make sure the value of state-owned assets is preserved and increased, and give full play to the leading role of state-owned enterprises in the national economy. Principal leading members of party committees at all levels must personally attend to work; adopt effective measures to reinforce the position of agriculture as a basic sector; promote the comprehensive development of agriculture, forestry, animal husbandry, and fisheries while ensuring steady growth in grain and cotton output; keep township and town enterprises constantly growing; and make every effort to ensure increasing peasants' incomes.

Out of consideration for the general interests which rest on reform, development, and stability, we must correctly handle all kinds of social problems that emerge in the wake of reform and development. Reform as a process of readjustment in the interest structure and relations will inevitably give rise to one type of social problem or another. Failure to properly solve these problems will jeopardize the general interests. Our cadres at all levels must conscientiously look into contradictions among the people that arise from new circumstances, and distinguish between the two categories of contradictions of a different nature and handle them correctly. They must try to correctly handle relations between the urban and rural areas, as well as the relations between the central and western parts of the country on the one hand and coastal areas on the other, and properly deal with issues concerning nationality solidarity, economic development in minority nationality areas, and the issue of unfair distribution of income and great disparities in income. They must be concerned about the people's livelihood. Reform has brought about extensive, remarkable improvement in the people's living standards, but there are still some people with limited income or who are living in poverty. Therefore, our cadres at all levels, while concentrating on deepening reform of state-owned large and medium-sized enterprises and reform of the agricultural structure, must always bear in mind the masses' wellbeing and show special concern for and extend aid to those in difficulties. In relaxing price controls, one should never relax market management. By relying on market regulation alone, we can hardly stabilize the prices of important commodities that have a direct bearing on the people's livelihood. Therefore, we must strengthen macroeconomic regulation and control with a view to keeping commodity prices stable. All

localities must pay attention to the "shopping basket" project and try their best to raise the people's living standards.

Out of consideration for the general interests which rest on reform, development, and stability, we must carry on the anticorruption struggle in depth, unrelentingly, and more efficiently, and step up the comprehensive management of social order with real earnest. The struggle against corruption is a task of vital importance to the party's survival. If we let corruption spread unchecked, we will lose popular support. If so, we can hardly ensure social stability even with a prosperous economy. At present, the anticorruption struggle remains a very arduous task and brooks no slackness. The key to the anticorruption operation lies in strengthening leadership and keeping up our efforts. It is necessary to perfectly combine the anticorruption struggle with deepening reform, expanding opening up, and expediting development; to fully rely on the masses; to take actions to deal with both symptoms and root causes; and to make unremitting efforts to strive for new successes. Poor conditions of social order may have a very bad influence on reform and opening up, economic construction, and social stability. Straightening out social order is the public's strong desire and an important duty of governments at all levels. This issue must be brought to the attention of leaders at all levels, and effective measures must be taken to solve it. It is necessary to deal severe blows at all kinds of criminal activities and hooligans, thieves, and robbers who threaten and jeopardize people's lives, state security, and nationality solidarity. It is necessary to resolutely do away with the practice of being hard on the one hand but soft on the other, promote both the material and spiritual civilizations, and strive to thoroughly improve social order.

The theory of building socialism with Chinese characteristics is the basis of the scientific theory guiding us to properly handle the relationship between reform, development, and stability. Comrade Deng Xiaoping gave a precise and scientific exposition of this issue in volume three of his *Selected Works*. General Secretary Jiang Zemin also brilliantly elaborated his view in this regard in his report to the 14th party congress and in a series of speeches. By conscientiously studying these ideological theories, thoroughly understanding the essences of these theories, and by applying them to the social practice of reform and opening up, we will be able to win one victory after another in the course of reform and development, constantly preserve social and political stability, and continuously advance the socialist cause.

Public Security Ministry Cracks Down on Fake Police

OW0206013294 Beijing XINHUA Domestic Service in Chinese 0511 GMT 1 Jun 94

[Text] Beijing, 1 Jun (XINHUA)—The Public Security Ministry recently distributed a circular calling on public

security organizations at various levels to make concentrated efforts to investigate and ban the illegal production and sale of police uniforms and police insignia and emblems, and to seriously crack down on the activities of impersonating policemen.

The "circular" says: Over the past year, public security organizations have done a lot of work and achieved some good results in investigating and banning the illegal production and sale of police uniforms and police insignia and emblems and cracking down on the activities of impersonating policemen. Nevertheless, the situation of producing and selling police uniforms, police insignia and emblems, and police equipment by some plants and units is still quite serious. The situation of impersonating policemen by a small number of people is still quite conspicuous. Some criminals bought police uniforms to impersonate policemen and commit crimes. This has seriously endangered public security in the society and undermined the reputation of the people's police.

The "circular" points out: It is imperative to seriously handle those cases involving the illegal production and sale of police uniforms and signs, the illegal wearing of police uniforms and insignia, and swindling by impersonating policemen in accordance with related regulations. It is necessary to investigate criminal responsibility of those whose cases are serious and constitute crimes.

State Council Publishes White Paper on Women
OW0206065894 Beijing XINHUA in English 0626
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—China published a white paper on the "situation of Chinese women" here today, pleading renewed efforts to further improve both living and working conditions of the female population which is playing an increasingly important role in China's state affairs.

The white paper, issued by the Information Office of the State Council of the People's Republic of China, consists of a foreword and eight chapters.

Through facts and figures, the 20,000-word-plus report reviewed the historic liberation of Chinese women in the course of the new democratic revolution and the socialist revolution under the leadership of the Communist Party of China, as well as their status and role under the socialist system.

According to the white paper, the Chinese women have achieved truly historic advances toward the goal of "equality, development and peace" over the past 45 years, especially in the 15 years since the introduction of reform and opening to the outside world.

"This great forward march is an important component of the progressive cause of women worldwide; it is also an important part of the progress China has made in human rights," it notes.

China is a developing country. Owing to the constraints of social development and the influence of old concepts, the condition of Chinese women is "still not satisfactory", as there exist various difficulties and resistance which have prevented the full realization for equal rights to women with respect to their participation in political and government affairs, employment, access to education, as well as marriage and family, the white paper admits.

"The Chinese Government is making every effort to develop the economy, strengthen the legal system, eradicate all backward ideas of discriminating against and looking down on women and promote equal rights for men and women in all spheres of social life as stipulated in Chinese law," the report says, adding that this will speed the realization of the various development goals of the Nairobi strategies in China before the end of this century.

A leading official from the information office of the State Council said the white paper was published with the aim to enabling the international community to acquire a better understanding of women's conditions in China, host to the fourth world conference on women.

He said that China is actively preparing for the conference on women, which is to be held in Beijing in September 1995.

Discusses Equal Rights for Women

OW0206073294 Beijing XINHUA in English 0642
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Chinese Government attaches great importance to providing legal protection for females and women in China enjoy equal legal status with men.

This is the statement explicitly laid down in the white paper on the situation of Chinese women issued here today by the Information Office of China's State Council.

The white paper says that a comprehensive legal system has come into being in China to protect the rights and interests of women and promote sexual equality. The system takes the Constitution as the basis and the Law on the Protection of Rights and Interests of Women as the core, and encompasses various specific state laws and regulations, administrative decrees and regulations enacted by various government departments as well as local legislation.

According to the white paper, the basic principles in China's legislative work concerning women are equal rights for men and women, protection of the special

rights and interests of women, and the banning of any discrimination, maltreatment and persecution directed at women.

The state Constitution clearly stipulates, "Women enjoy equal rights with men in all spheres of life, including political, economic, cultural and social aspects as well as in family life."

Moreover, "the state applies the principle of equal pay for equal work for men and women alike and trains and selects cadres from among women", according to the Constitution.

The white paper informs that since the founding of the People's Republic of China in 1949, the government has promulgated over 10 fundamental laws, including the Marriage Law, Electoral Law, Law of Inheritance, Civil Law and Criminal Law. The State Council and various ministries and commissions under it have enacted over 40 administrative decrees and regulation. Besides, various local governments have devised more than 80 local regulations and rules.

The white paper stresses that all these legislations include clear provisions on the protection of the rights and interests of women. No law in China contains clauses that discriminate against women.

More significantly, the Chinese Law on the Protection of the Rights and Interests on Women promulgated in 1992 has provided an effective legal weapon for further enhancing the social status of women and guaranteeing their basic rights and interests.

The white paper says that under Chinese law, the legitimate rights of women can be summed up into the following six aspects:

- Women enjoy equal political rights with men. Women have the right, through various channels and in various ways, to administer state and social affairs, and enjoy equal rights to vote and stand for election.
- Women enjoy equal rights with men with respect to culture and education.
- Women are granted equal working rights with men.
- Women enjoy equal property rights with men. The law stipulates that with regard to marriage and family property, women enjoy equal ownership and inheritance rights with men.
- Women enjoy equal rights with men relating to their persons.
- Women enjoy equal rights with men in marriage and the family. The law states that women enjoy equal freedom in marriage and divorce, and the relations between husband and wife are equal. Women are subject to special protection with regard to divorce.

The white paper says that at present, China is still at the primary stage of socialism and remains comparatively

underdeveloped in economic and cultural development. Therefore, certain provisions on the legal rights of women and guarantee mechanisms need to be further improved.

However, the white paper makes it clear that along with the in-depth development of China's modernization drive, the country's legal system on the promotion of women's rights and interests will be perfected.

Says Women Making 'Conspicuous Progress'

OW0206082794 Beijing XINHUA in English 0800
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—A white paper on the situation of Chinese women issued here today says that in comparison with women's exclusion from social life in old China, New China has enabled women to make conspicuous progress in all aspects of society.

It singles out the fields of education, science and technology, culture, sports and public health as areas in which women excel.

The Chinese Government has exerted great efforts to promote women's education. In 1992 the attendance rate for girls from seven to 11 years old had risen to 96.2 percent from less than 20 percent before the founding of the People's Republic of China in 1949, the white paper issued by the Information Office under the State Council says.

The proportion of females in middle schools, colleges and postgraduate schools has reached 43.1 percent, 33.7 percent and 24.8 percent respectively. From 1982, when the academic degree system was resumed, to 1993 some 1,149 women were awarded doctorates, making up 9.4 percent of total Ph.D recipients.

The paper goes on to say that China also pays special attention to promoting adult and vocational education, and eliminating illiteracy among women.

Over 13 million women are enrolled in institutions of higher learning. Over the period of 45 years since the founding of the People's Republic, more than 110 million women illiterates have been taught to read, reducing the female illiteracy rate from 90 percent in 1949 to 32 percent in 1993.

According to the paper, the Chinese Government has attached great importance to training women scientists and technicians, trying to improve their working and living conditions and encouraging and supporting them in their scientific research.

In 1993, China had 8,097,000 women scientists and technicians, making up 35 percent of the total, the white paper says.

The paper also gives an account of the achievements made by Chinese women in education, culture and arts, physical training, and maternity and child care.

It says that between 1949 and 1993 Chinese athletes won 775 world championships, of which 460, or 59 percent, were won by women.

However, the paper says that, owing to historical reasons and the constraints of the level of social, economic and cultural development, some problems continue to impede women's full participation in social life and must not be ignored.

It notes that, in particular, the majority of women have a low level of education and in some rural areas, especially in remote or border regions, female children are not fully guaranteed their right to education. The government and social organizations are adopting measures to overcome these inadequacies, the paper says.

Says 'Feudal' Marital System Now Ended

OW0206083094 Beijing XINHUA in English 0824 GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Independent marriage based on mutual love and a family life in which husband and wife are equal have become the main current in contemporary Chinese society, says a white paper released by the Information Office of China's State Council today.

The white paper, entitled *The Situation of Chinese Women*, says that the founding of New China in 1949 put an end to the feudal marital and family system that had endured for several millennia.

In New China, the white paper says, women have gained the right of self-determination in marriage and enjoyed equal status in family and the same rights of possession and inheritance of family property as men.

Sample investigations show that 74 percent of young couples make the decision themselves to wed or do so after consultation with their parents, it says.

In old China, the white paper says, over 95 percent of marriages were arranged and on a monetary basis.

It says that Chinese women have gained the important personal right of being able to retain their maiden names. In old China, most women had no formal name before marriage. They adopted their husband's surname after they wed.

The white paper says that in New China, women earn their own income through work. The share of women's earnings in total family income has risen from 20 percent in the 1950s to the present 40 percent.

"As they have become economically independent," the white paper says, "Chinese women have gained more management and decision-making power in principal family and economic matters. Sample investigations show that in over 58 percent of urban and rural families, major affairs are decided by the husband and wife together. This figure continues to climb."

China has 267 million families and every year about 10 million newlywed couples join their ranks. Currently, the divorce rate in China is 1.54 per thousand, the white paper says.

"Because Chinese families are basically stable," the white paper says, "family functions, such as living arrangements, child rearing and support for the elderly, are fully in evidence."

The white paper says that women's rights to decide whether or not to bear children are duly protected. In old China, women were just child bearing tools, and they were often persecuted by their parents-in-law or abandoned by their husbands because they were unable to provide any offspring, let alone a son. In New China, women are in control of their own child bearing and they can discuss with their spouses whether or not they will go through with a pregnancy.

The white paper points out that maternal health is protected by the state. By the end of 1992, China had 346 maternity and children's health care centers, 2,841 clinics and 34 pediatric hospitals, initially forming a national health network for women and children.

Compared with the early days after the founding of New China in 1949, the white paper says, the mortality rate for pregnant and lying-in women has dropped from 1,500 per hundred thousand to about 94.7 per hundred thousand, and the infant mortality rate has fallen from 200 per thousand to 31.42 per thousand.

It says that the average life expectancy of Chinese women has risen from 36.7 years in old China to the present 72 years. This is three years above the figure for Chinese men and seven years higher than the average life expectancy of 65 years set as a goal by the United Nations for the women of the world by the year 2000.

However, the white paper says, the bad habits of arranged and mercenary marriage linger on in some rural areas, especially in the outlying and backward spots. Cases of drowning and abandonment of female infants and trafficking in women occur from time to time.

"The Chinese Government is paying close attention to these problems. It is vigorously advocating the equality of the sexes and educating women to use legal weapons to defend themselves. Strong measures have been adopted against unlawful cruel treatment of women to ensure that their legitimate rights and interests are not infringed upon."

Says China Participating in Women's Forums

OW0206090794 Beijing XINHUA in English 0807 GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—China has taken an active part in international women's activities sponsored by the United Nations, according to a document released by the Information Office of the State Council here today.

The white paper entitled "The Situation of Chinese Women" says that China is striving to develop friendly exchanges and cooperation with women from all over the world, while making unremitting efforts to realize the goal of worldwide equality between men and women, women's participation in social development and maintenance of world peace.

"Since resuming membership in the United Nations in October 1971, China has shown great enthusiasm in participating in U.N. activities related to women," the document states.

China has been playing an active role in U.N. women's organizations. Since 1974, China has been elected five times as a member state in the U.N. Commission on the Status of Women. "There, Chinese representatives have expounded Chinese women's stand on world peace, participation in development and promotion of sex equality, exchanged experience and information on promoting women's conditions and giving full play to the role of women with their counterparts from other countries," the paper says.

Since 1982, Chinese experts have been elected four times in succession as representatives on the Committee on Elimination of Discrimination Against Women and participated in evaluating the reports submitted by governments and made strenuous efforts to eliminate discrimination against women, according to the document.

The paper says that China was one of the first signatories to the convention on the elimination of all forms of discrimination against women and has submitted timely reports on its implementation in China as required.

"China supported and engaged in activities for International Women's Year in 1975 and the U.N. Decade for Women, from 1975 to 1985. The Chinese Government sent delegations to the world conferences on women held in Mexico City in 1975, Copenhagen in 1980 and Nairobi in 1985, and also to the five global preliminary meetings and two regional preparatory meetings," the document says.

"At these events, Chinese representatives gave full support to exertions for the United Nations Decade for Women and expounded China's stand and viewpoints on some major international problems and strategies for the advancement of conditions for women, thus making positive contributions to the success of these conferences," the paper says.

The document continues that Chinese women have made vigorous efforts to develop links with women's organizations and individuals around the globe. "To date, the All-China Women's Federation has established ties with nearly over 480 governmental and non-governmental women's and children's organizations in over 130 countries and regions and received more than 10,000 visitors in recent years," it says.

In the past 15 years, China has also sent 280 women delegations abroad, according to the paper.

Over the past decade, the All-China Women's Federation has cooperated with the United Nations Children's Fund, United Nations Women's Development Fund and other governmental and non-governmental organizations in over 700 projects in 30 provinces, autonomous regions and municipalities. Over 300,000 women have taken part in these programs and the results have been outstanding, the paper says.

"As the host country of the fourth world conference on women," the paper says, "China will make positive efforts to ensure its success."

"The Chinese Government is at present earnestly carrying out its responsibilities as a host country and increasing its contacts and cooperation with U.N. organizations, governments and relevant non-governmental organizations in the world."

Says Women Increasing in Leadership Posts

OW0206093394 Beijing XINHUA in English 0748
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Chinese women take a full part in administering state and social affairs, and have made "mammoth contributions" to the country's development of democracy and building of its legal system, according to the white paper issued by the Information Office of the State Council here today.

Women in the country have been occupying more and more important places in state and social organizations at various levels since New China was founded in 1949, says the white paper.

It notes that Chinese women occupy an important place in people's congresses. When the First National People's Congress (NPC) was held in 1954, there were only 147 female deputies, accounting for 12 percent of the total. By 1993, when the Eighth NPC was convened, the number of women deputies had increased to 626, accounting for 21.03 percent of the total.

And from 1954 to 1993, eight women served as vice-chairperson of the NPC Standing Committee, including Soong Ching Ling, He Xiangning, Cai Chang and Chen Muhua.

The white paper says that women deputies to People's Congresses pay particular attention to the problems of education and public health, the ecological environment, the protection of the rights and interests of women, children and the disabled, social security and the general mood of the society.

They are active in raising suggestions for legislation and policy making and working hard to promote advances in these fields. The enactment of the "Law on the Protection of the Rights and the Interests of Women" and

many other laws were made on the basis of motions put forward by women and with their participation, the white paper notes.

Chinese women also take an active part in the activities of the Chinese People's Political Consultative Conference (CPPCC) at various levels. Deng Yingchao, Kang Keqing and Qian Zhengying are among the seven women who had served or are still serving as chairperson or vice-chairperson of the CPPCC National Committee.

The Chinese Communist Party has over 7 million women members, accounting for 14 percent of the general membership. And the eight democratic parties in China have some 110,000 women members, the report discloses.

China's reform and opening to the outside world have prepared better conditions for women to participate in government and political affairs, it says, adding that in 1993, women made up 32.44 percent of all people working in government organs.

At present, the report says, China has 16 female ministers and vice-ministers, 18 female provincial governors and deputy governors. In the nation's 517 cities, more than 300 women have been elected mayor or deputy mayor.

In 1992, the country boasted 21,012 female judges and 4,512 women lawyers, who played an important role in strengthening legislative construction and safeguarding state security, the paper states.

It says that the women's federation at various levels is an important channel for the democratic participation and supervision over state and social affairs by women of all ethnic groups and from all walks of life.

The white paper says that the Chinese Communist Party and the Chinese Government consider the participation of women in government and political affairs an important component part of the building of democracy in China.

The government attaches particular attention to training women cadres of ethnic minorities in order to promote equality, unity, progress and common prosperity among all ethnic groups.

By 1992, the number of minority women cadres nationwide reached 607,600, accounting for 26.6 percent of all minority cadres in the country, becoming a backbone force in the political, economic and social development of minority areas.

The white paper says that the Chinese Government is now working on "the Program for the Development of Chinese Women," which is aimed at further promoting women's participation in government and political affairs as well as their overall participation and development.

Discusses Safeguarding Women's Rights

OW0206094494 Beijing XINHUA in English 0734
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—China's government organs, social organizations, enterprises, institutions and rural and urban mass groups at the grass roots have all made efforts to safeguard the rights and interests of the country's women, says a white paper issued by the Information Office of the State Council today.

Entitled "The Situation of Chinese Women", the white paper says that China's people's congresses at all levels are responsible for drafting and revising laws and statutes to protect women's rights and interests. They supervise the implementation of relevant laws and governmental work to safeguard the position of women and children.

Committees at all echelons of the Chinese People's Political Consultative Conference (CPPCC), it says, carry out democratic supervision and provide political consultation on legislations concerning women's rights and interests and their implementation.

The white paper says that people's governments at each level and their departments are responsible for drafting and revising women-related administrative regulations, issuing relevant decisions and orders, linking women's advance with social development, and adopting administrative measures to oversee the protection of women's rights and interests.

Judicial bodies at all levels, in accordance with legal procedures, hear and judge cases and punish criminals who infringe on women's rights and interests and see to it that laws are upheld, it says.

The white paper notes that to coordinate and propel governmental departments in their work of guaranteeing the rights of women, the State Council has established a work committee for women and children. Similar local government bodies have also been set up in all the provinces, autonomous regions and municipalities, with the exception of Taiwan.

It says that more than 5,800 mass women's organizations in China are an important force in safeguarding the status of women. The biggest of these is the All-China Women's Federation (ACWF), which aims to represent and defend the interests of women and devotes itself to promoting sexual equality and raising women's position in society.

The country's mass media, including the press, radio and television, publicize state laws and regulations upholding women's rights and interests and civilized and progressive views on women. This has greatly promoted public awareness of women's rights and contributions to society, the white paper says.

It lists some of the laws and statutes on the protection of women's rights and interests promulgated in recent

years, such as the Law on the Protection of the Rights and Interests of Women, the notice on reprisals against trafficking in women and children, the decision on the strict prohibition against prostitution and whoring and the decision regarding the severe punishment of the criminals who abduct and traffic in or kidnap women or children.

Female self-improvement is a strategic task fundamental to the protection of women's rights and interests, the white paper says, adding "the slogan of 'four selfs' (self-respect, self-confidence, self-reliance and self-strengthening) was first raised at the sixth national congress of women. Then, the seventh national congress of women adopted a 10-point goal for the advancement of Chinese women in the 1990s. The 'four selfs' slogan and the 10-point goal produced a widespread impact upon women and society. Inspired by them, millions of Chinese women are realizing their own betterment and progress in the course of propelling society forward."

Views Women's Economic Progress

OW0206095694 Beijing XINHUA in English 0732
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—A white paper issued today on the situation of Chinese women says that Chinese women have become a great force in the country's social and economic development, due to the Chinese Government's fruitful efforts to upgrade and enhance their economic status.

The 20,000-word white paper states that Chinese women had enjoyed equal treatment with men in employment and payment. Moreover, all employed women were provided with comprehensive protective measures.

Since the founding of the People's Republic in 1949, the population of employed women has risen constantly. So far, employed females accounted for some 44 percent of the total number of employees, higher than the world rate of 34.5 percent.

The white paper says that in 1992, employed females made up 72.33 percent of all women over 15.

In the countryside, women laborers made up half the rural labor force. The number of urban working women increased from 600,000 in 1949 to 56 million, while their share of the country's total working population went up from 7.5 percent to 38 percent.

The white paper also lists Chinese women's areas of employment. It says that among the 12 branches of the national economy, nine employed over 1 million women, ranging from industry, agriculture, building, transport and communications, commerce, public health, education, party and government organs to social organizations.

The white paper notes that the principle of equal pay for equal work for men and women was basically in place. However, due to current differences in cultural and

professional competence as well as occupational composition, income gaps still existed.

According to a survey conducted in 1990, the average monthly incomes for male and female workers in urban areas were 193.15 yuan and 149.60 yuan respectively, with women receiving only 77.4 percent of the pay given to men.

In rural areas, the average annual incomes for men and women were 1,518 yuan and 1,235 yuan respectively, with women getting 81.4 percent of the earnings of men.

In other aspects, the white paper says that the Chinese Government had provided comprehensive protective measures for employed women. A survey showed that 85.3 percent of child-bearing female workers and staff members in urban areas enjoy a three-month paid maternity leave.

The Chinese Government also stipulated that female workers during their pregnant and lactation period have their work load and work time reduced.

Most state-owned enterprises where women predominate had established gynecological clinics, rest rooms for pregnant women, breast-feeding rooms, nurseries and kindergartens.

As the economic status of Chinese women improves, the white paper says, they are playing an increasing significant role in the economic sphere.

It says that rural women in China were an important driving force in invigorating and promoting the rural economy. Females accounted for more than half of all workers in agriculture, forestry, animal husbandry, fisheries and water conservancy.

Of the 14 million self-employed rural individuals engaged in commerce and service trades, women accounted for about one-third. About 50-60 percent of the total rural output value was generated by women.

The white paper says that in the cities, women had also made important contributions to urban economic reform and development.

From 1982 to 1990, the growth rate in the number of females employed in the following sectors, namely finance, culture and education, radio and television, public health, sports and recreation, social welfare, commercial concerns, catering, supply and storage, and government and social institutions, exceeded that of males by 21 to 78 percentage points.

In 1993, females accounted for 36.8 percent of those with professional and technical titles in enterprises and institutions throughout the country.

Views Women's Improved Societal Status

OW0206101894 Beijing XINHUA in English 0729
GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—New China has brought about historic liberation for Chinese women, says the white paper entitled "The Situation of Chinese Women" which is published by the Information Office of the State Council here today.

The white paper says New China effected fundamental emancipation for women in all aspects of political, economic, cultural, social and family life. This represented a significant transformation in the history of contemporary social development that China can be proud of and an important contribution made by the Chinese revolution to the worldwide movement for women's liberation, points out the white paper.

In semi-colonial and semi-feudal old China, women were for a long time kept at the bottom of society, notes the white paper. It was not until the first half of this century that the Chinese Communist Party led the Chinese people to wage a profound national democratic revolution and launched a large-scale women's emancipation movement which resulted in the historic liberation of Chinese women.

The white paper says the impact of the several millennia of oppression and devastation imposed by the feudal patriarchal system on Chinese women was exceptionally grave. In political, economic, cultural, social and family life, women were considered inferior to men. They possessed no political rights and were completely excluded from social and political life. They were economically dependent and were robbed of property and inheritance rights and possessed no independent source of income. They had no personal dignity or independent status, and were deprived of the right to receive an education and take part in social activities, according to the white paper.

Ever since its birth, says the white paper, the Chinese Communist Party has made the achievement of female emancipation and equality between men and women one of its goals.

For the women of China, the founding of the People's Republic of China ended the thousands of years of feudal oppression and enslavement and the history of being trampled and bullied by foreign aggressors, stresses the white paper. With an entirely new face, they have stood up and become the masters of New China like all citizens of the country, the white paper says.

In 1949, the common program, adopted by the First Plenary Session of the Chinese People's Political Consultative Conference which had the nature of a provisional constitution, solemnly declared the toppling of the feudal system which fettered women and stated that women enjoyed equal rights with men in the political, economic, cultural and educational fields and in other

aspects of social life. Thus a new era in the emancipation of Chinese women was ushered in, the white paper points out.

The Electoral Law of the People's Republic of China promulgated in 1953 also clearly stipulated that women enjoy the same rights to vote and stand for election as men.

Along with the economic rehabilitation and development, there appeared a nationwide upsurge of women stepping out of their homes to take part in social production. This thoroughly transformed the situation in which women were excluded from social productive labor, providing them with an independent source of income, says the white paper.

According to the white paper, in old China, as many as 90 percent of women were illiterate. In order to raise the cultural level of the entire nation, New China launched a planned campaign to gradually wipe out illiteracy. Millions of women attended the campaign.

The Marriage Law of the People's Republic of China, promulgated in 1950, was the first statute enacted by New China. It declared the abolition of the feudal marriage system characterized by arranged and forced marriage, male superiority and female inferiority, and disregard for the interests of children.

Implementation of the new system was marked by freedom for both men and women in marriage, monogamy, sexual equality and protection of the legitimate rights of women and children. This signified a profound revolution in the patterns of wedded and family life that had prevailed for several thousand years in Chinese society, states the white paper.

China To Name First Foreign Academicians

OW0106114594 Beijing XINHUA in English 1124
GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—The first batch of foreign academicians of the Chinese Academy of Sciences (CAS), the country's top scientific body, is expected to be selected within a week, official sources said here today.

This was revealed at a news conference on the imminent seventh academicians' conference of the Chinese Academy of Sciences (CAS) and the inaugural meeting of a new Chinese Academy of Engineering (CAE).

A CAS spokesman said that the foreign academicians will be selected from some 25 foreign scientists recommended to the academy.

The two meetings are due to be held here from June 3 to June 8.

This will be a grand gathering for the country's scientific, technological and engineering communities, the spokesman said.

"The opening of the two meetings of academicians will certainly arouse the attention and interest of all social sections, particularly the scientific and technological communities both at home and abroad," the spokesman said, adding that the two meetings will have a far-reaching impact on the country's development of science and technology.

He said that a change of rules on CAS academicians is expected to be passed during the meeting, adding that currently China has 535 CAS academicians.

He said that leading officials from the Central Committee of the Communist Party of China (CPC) and the State Council will speak at the meeting.

He said that thanks to the concern of the Central Committee of the CPC and the State Council, the preparations for the founding of the CAE have been accomplished, and the inaugural ceremony, namely the first meeting of the academicians, will be held during the CAS meeting.

Ninety-six people have been appointed as the first academicians of the CAE. The list will be made public on June 3, the spokesman said.

He attributed the relatively small number of initial CAE academicians to the fact that the official preparations for the establishment of the academy were not started until January.

But a second batch of CAE academicians will be chosen from a nationwide selection after the meeting, the spokesman said.

He added that the president and deputy president of the CAE will be selected from its academicians at this session.

Public Health Ministry Holds AIDS Seminar

HK0106152994 Beijing RENMIN RIBAO in Chinese 1 Jun 94 p 3

[By correspondent Ai Xiao (5337 4562): "Our Country Will Vigorously Pursue Health Education in the Face of the Invasion of AIDS"]

[Text] Beijing, 31 May (RENMIN RIBAO)—Faced with the invasion of AIDS, China will launch a vigorous health education campaign as a major preventive and control measure against the disease. At the three-day "seminar on the prevention and control of AIDS in China" jointly held by the State Council Research Office and Ministry of Public Health that begins today, studies by expert and academic research groups will be presented and examined in preparation for a formal submission of a "proposal on the prevention of AIDS in China."

Globally 400,000 AIDS cases—half of which occurred in the United States—were recorded between June 1985, when the world's first case was reported, and the early

1990's. Dramatic changes occurred in the mid-1990's when the spread of AIDS in developing countries exceeded that in the United States. A conservative estimate by the WHO projected that, by 2000, 50 million people around the world will have been exposed to the HIV virus, most of them in countries and regions such as Asia, Africa, and Latin America.

It has been learned that a total of 118 new AIDS cases were reported in 10 provinces and cities between January and May. A total of 1,361 AIDS cases have been recorded in 22 mainland provinces and cities (1,106 patients are mainland residents, and 255 are foreigners and overseas Chinese) and 40 of these carriers have developed full-blown AIDS (22 of them have died). The figures, however, came only from small-range tests of less than 3 million people.

State Councillor Peng Peiyun; Wu Jieping, National People's Congress Standing Committee vice chairman; Qian Zhengying, Chinese People's Political Consultative Conference vice chairman; Yuan Mu, State Council Research Office director; Minister of Public Health Chen Minzhang; among others attended today's seminar.

CAAC Bans Coercive Sale of Passenger Insurance

OW0206050494 Beijing XINHUA Domestic Service in Chinese 0213 GMT 1 Jun 94

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 1 Jun (XINHUA)—Passengers who use China's civil air service please take note: According to a circular issued recently by the Civil Aviation Administration of China [CAAC], no unit or individual is allowed to coerce passengers to buy flight insurance of any kind.

For some time, some civic aviation departments or ticket offices have insisted that passengers buy various insurances in violation of the principle of voluntary participation. The passengers complained bitterly about this. The CAAC circular pointed out that it is strictly forbidden to refuse to sell tickets or handle passenger check-in or cargo shipping procedures for passengers or shippers who have not bought personal, luggage, or cargo insurance. Ticketing departments (including agents) must, on principle, have separate windows for handling regular ticket sales and for insurance sales. If they are sold at the same window, the words "passenger insurance voluntary" and the insurance premium should be written on the window in plain sight. Violation of the aforementioned stipulations is punishable by a fine of 20,000 yuan in pursuance with relevant regulations and the violator will be criticized in the form of a circular.

State Council Appoints, Removes Officials

OW0206094094 Beijing XINHUA Domestic Service in Chinese 0638 GMT 1 Jun 94

[Text] Beijing, 1 Jun (XINHUA)—The State Council recently removed and appointed a number of state personnel. Lu Fuyuan was appointed vice minister of the Ministry of Machine-Building Industry [MMBI]; Liu Yube, vice forestry minister; Cheng Siwei [2052 1835 0604], vice minister of chemical industry; Zhang Faqiang [1728 4099 1730], vice minister of the State Physical Culture and Sports Commission [SPCSC]; Xu Jialu, director of the State Language Work Committee [SLWC]; Tian Runzhi, director of the State Administration for the Inspection of Import and Export Commodities [SAIEC]; Jin Xiangwen [6855 4382 2429], director of the State Bureau of Surveying and Mapping; Ren Chuanjun [0117 0278 0193], vice chairman of the China Textile Council; Wang Jiming [3769 1015 6900], vice president of the China National Petrochemical Corporation [CNPC]; and Chen Shengnian [7115 0524 1628], vice president of the China National Nonferrous Metals Industry Corporation [CNNMIC].

Lu Yansun was removed from his post as vice minister of the MMBI; He Zhenliang removed from his post as vice minister of the SPCSC; Liu Bin removed from the post he concurrently held as director of the SLWC; Wang Juan [3769 0036 1344] removed from his post as director of the SAIEC; Wu Xiegang removed from his post as vice president of the CNPC; and Wo Tingshu removed from his post as vice president of the CNNMIC.

Science & Technology

Article Views Patent Protection for Technology Imports

HK0206044294 Beijing CHINA DAILY in English 2 Jun 94 p 4

[Article by Huang Zhiling from the "Opinion" page: "Hi-tech Imports Safeguarded by State Patent Law"]

[Text] Strict measures are needed to prevent intellectual fraud of technological imports, said an official from the Ministry of Foreign Trade and Economic Co-operation (MOFTEC).

China started drafting laws on intellectual property protection at the advent of reform in 1979, said Zhao Chunhua, deputy director of MOFTEC's Department of Science and Technology.

A Trademark Law became effective in 1982, a Patent Law in 1984, a Copyright Law in 1991 and an Anti-Unethical Competition Law in 1993.

Marking the advent of China's legal system on intellectual property, the four laws also provide a legal basis for protecting intellectual property of imported technology.

If the supplier fails to provide sufficient proof of holding the rights of that patented technology, it will be banned from entering China—even if this would mean the loss of potentially huge profits, Zhao said.

Before importing any patented foreign technology, the Chinese recipient is required to sign a contract with the foreign supplier specifying the scope and duration of the use of the technology.

The move is aimed at preventing proliferation of the use of the patented foreign technology, said Zhao.

Since secrecy is all important to technological advantage, a foreign supplier is allowed to impose reasonable restrictions on people who have access to the technological know-how, and place reasonable restrictions on areas where products made with that know-how are sold, said Zhao.

Computer software is of particular concern in this regard.

Protection of computer software is included in the Copyright Law. And in 1991, the more specific Regulations on Computer Software Protection were passed.

In recent years, the licensed trade volume of computer software has increased around the world. China's trade volume in computer software has soared beyond several hundred million dollars.

In computer software import, China permits foreign software owners to register their own accord in computer software registration and management centres in China.

Prohibition and punishment will result from pirating foreign computer software, said Zhao.

If disputes over intellectual property arise over imported technology, the two parties concerned should first try to negotiate an amicable settlement themselves.

"If negotiations fail," Zhao said, "they may request arbitration, or start legal proceedings in the intellectual property divisions of Chinese courts."

Last July, the Beijing Higher People's Court and the Beijing Intermediate People's Court set up China's first intellectual property divisions in their courts.

Five provinces and eight cities have followed Beijing's example by establishing special courts to deal with legal proceedings arising from intellectual property disputes.

Between 1986 and 1993, the courts handled over 3,500 cases of intellectual property violation. Of these, 1,783 involved patent rights, 1,168 copyrights and 554 trademarks.

According to Zhao, a Sino-U.S. negotiation agency has been set up under the Sino-U.S. Joint Committee on Commerce and Trade.

"The agency provides a place where disputes pertaining to intellectual property are mediated regularly, thus playing a role in settling disputes over intellectual property between the two countries," said Zhao.

In recent years, China has witnessed a rapid expansion of imported technology.

Disputes regarding intellectual property did arise in the course. But the disputes were few in number, and were settled through negotiations, said Zhao.

To improve protection of intellectual property in technology imports, authorities concerned are drafting Regulations on Technology Imports and Exports of the People's Republic of China.

The regulations are aimed at bringing technology trade closer to international conventions, said Zhao.

Military

Commentator Views Implementing Conscription Law

HK0206073594 Beijing RENMIN RIBAO in Chinese
31 May 94 p 4

[Commentator's article: "A Glorious Obligation, A Common Duty—Commemorating 10th Anniversary of Promulgation of PRC Conscription Law"]

[Text] Today we commemorate the 10th anniversary of the promulgation of the PRC Conscription Law with the aim of making everyone understand that enlisting in the armed forces according to this law is the glorious obligation of every citizen and that showing concern for and supporting national defense construction is the common duty of the entire society.

The Conscription Law now in force was reformulated and promulgated in light of China's new situation of reform, opening up, and economic construction. Practice has proved that this military service law prominently characterized by a military service system which takes compulsory service as the main component while integrating compulsory and voluntary service and militia and reserve service, corresponds with China's national and military conditions. It bears outstanding Chinese characteristics and is thus warmly supported by the people of all nationalities in the country and the commanders and soldiers of the entire armed forces. In the last 10 years, all localities have conscientiously implemented the Conscription Law; have made efforts for the fulfillment of enlistments in military service, militia, and reserve forces; have done well in providing special care for disabled soldiers and their families; and have effectively supported national defense construction as well as the building up of the armed forces. In particular, with regard to work concerning military service, all localities have strengthened their leadership, enthusiastically conducted propagation and education on the Conscription

Law, actively formulated and improved local conscription regulations, and paid close attention to improving the personnel contingent involved in conscription work, thus reliably ensuring the quality of new recruits. The saying "when a family member joins the armed forces the whole family is honored" prevails in society. Officers and men of the Liberation Army and the Armed Police Force, in accordance with the provisions of the Conscription Law, have performed their duties in a trustworthy manner and trained hard for better military skills, thus making prominent contributions to defending the country as well as to safeguarding and supporting socialist modernization. The militia and reserve forces have taken an active part in military training, performed tactical duties, and played an important role in maintaining social stability and carrying out the two civilizations. These remarkable jobs have effectively promoted national defense construction and the armed forces buildup.

In the new situation of deepening reform and establishing the socialist market economy structure, better implementation of the Conscription Law has important, practical bearings on strengthening the people's national defense awareness, on improving their consciousness in joining the armed forces according to the law, and on carrying forward the spirit of patriotism and revolutionary heroism. How should we properly implement the Conscription Law? We should first rely on the legal system and secondly on education. At present, we should change our concepts and work style and transform the habit of working mainly by administrative means under the planned economy structure into the habit of working mainly by legal means under the socialist market economy structure. This is to ensure national defense construction and the building up of the armed forces. The Conscription Law is a basic law in China's military system and serves as an important legal basis for national defense construction and the building up of the armed forces. In the course of establishing a socialist market economic structure, all localities and armed forces units should continue to propagate and implement the Conscription Law so that we can abide by this law in national defense construction and building up the armed forces and embark on the track of the legal system.

Strengthening national defense education and improving the people's national defense mentality are the ideological basis for implementing the Conscription Law properly. In recent years, localities have introduced various methods in strengthening national defense education and improving the people's national defense mentality. This has played an important role in promoting the implementation of the Conscription Law. However, we should also understand that because efforts are being concentrated on socialist modernization, and because of the prolonged period of peace, particularly in this new situation when the socialist market economic structure is being established, some people's national defense mentality has weakened to such an extent that they cannot

correctly handle the relationship between economic construction and national defense construction or the relationship between individual interests, collective interests, and state interests. Therefore, we should, in light of specific conditions and with the purposes in mind, conduct education on national defense, on joining the armed forces, and on patriotism among cadres, masses, officers, soldiers, militiamen, and personnel of the reserve forces. This education will enable everyone to understand the basic provisions of the Conscription Law; understand that strengthening the building up of the armed forces and improving national defense are important aspects of building socialism with Chinese characteristics; understand that economic construction is the basis of national defense construction, whereas national defense construction serves as a guarantee for economic construction and that the two are complementary to each other; and understand that without the country, there would not be a home and that individual and collective interests should be subordinated to the state's interests. Everyone should know that national defense mentality is an important manifestation of patriotism. In propagating patriotism and a spirit of selfless devotion, the people should strengthen their national defense mentality and consciously and actively fulfill their military service obligations. In short, if a good job is done in national defense education and improving the people's national defense mentality, a fine atmosphere will be created in which the entire society will care for and support national defense construction and building up the armed forces and all officers and soldiers will devote themselves to national defense construction.

Let us hold high the banner of patriotism; further study, propagate, and implement the Conscription Law; and make greater contributions to strengthening national defense construction and the building up of the armed forces.

Economic & Agriculture

Growth of Investment in Fixed Assets Falls 'Sharply'

OW0106194794 Beijing XINHUA Domestic Service in Chinese 2138 GMT 30 May 94

[By reporter Zhang Jinsheng (1728 6930 0524) and correspondent Zhao Peiya (6392 1014 0068)]

[Text] Beijing, 31 May (XINHUA)—China's macroeconomic regulation and control has yielded initial results in the field of fixed asset investments, with the growth rate of investments falling sharply, newly-started construction projects being brought under effective control, and the overall investment structure showing a noticeable improvement.

According to the latest statistics released by the State Statistical Bureau, in the first four months of this year, fixed asset investments by state-owned units grew 38.4 percent over the same period last year, showing a

decrease of 30.5 percentage points in the growth rate. Of this, the growth rates for capital construction and technical transformation investments dropped 32.5 and 28.4 percentage points, respectively. What is most eye-catching is that the growth rate of real estate development investments fell 72.8 percentage points, thus further cooling the "heat of real estate markets."

While the investment scale was brought under control, the growth momentum of newly-started projects nationwide was also effectively restrained. In the first four months, a total of 6,316 state projects involving capital construction and technical transformation with an investment of 50,000 yuan or more each were launched throughout the country, 1,715 less than those of the same period last year; and investments totaled 47.5 billion yuan, down 32.3 percentage points. A total of 5,106 local projects were launched, 1,680 less than those of the same period last year; and total investments decreased 1.2 percentage points.

The overall investment structure was improved as compared with the same period last year. In the first four months, excluding real estate development investments, state-owned units invested a total of 1.8 billion yuan in primary industries, up 13.6 percent. In secondary industries, state-owned units invested 60.8 billion yuan, up 27 percent; the ratio of such investment to total investment decreased from 56.2 percent to 52.7 percent. In tertiary industries, state-owned units invested 52.8 billion yuan, up 47.5 percent; the ratio of such investment to total investment increased from 42 percent to 45.8 percent.

In analyzing Chinese investments in fixed assets, authoritative economists said: Despite initial successes in macroeconomic regulation and control, the demand for investment remains strong in various sectors. It is still rather difficult to reduce fixed asset investments to an appropriate scale. Localities should not relax their efforts, but should continue to resolutely implement the State Council's "circular on continuing to strengthen macroeconomic regulation and control over fixed asset investments." Meanwhile, the relevant departments should pay keen attention to and adopt effective measures to promptly solve problems related to the western region's slow investment growth and lack of funds for a number of key construction projects.

Inspection Discovers Excessive Fixed Assets Investment

HK0106132894 Hong Kong MING PAO in Chinese 29 May 94 p B2

[By special reporter Ching Chi (5427 2765)]

[Text] The latest results of the examination by the Chinese State Council's inspection team for investment in fixed assets in Guangdong, Shanghai, Fujian, Sichuan and 10 other provinces, municipalities, and autonomous regions has shown that various localities have continued to vie with one another in starting new projects and increasing investment to an excessive degree. The scale

of investment was too large, and the distribution of the investment was not rational. The problem was rather prominent. The actual amount of investment arranged by the state-owned institutions for capital construction in the 14 provinces, municipalities, and autonomous regions exceeded the state plan by \$60.9 billion, or 11.7 percent.

The State Council leadership stressed the need to increase the intensity of macrocontrol this year; otherwise, the gross amount of investment in fixed assets this year will exceed the planned ceiling of 1,300 billion yuan.

The recent inspection found that, although Shanghai, Zhejiang, Jiangsu, Sichuan, Shanxi, and other provinces and municipalities arranged their own investment according to the state plan, prefectures, cities, and counties increased the scale of investment level by level. As a result, the total exceeded the plan laid down by the provincial and municipal authorities.

Another problem found in the inspection was the lack of rationality in the distribution of investment, and there was a serious degree of duplication of investment in similar projects. For example, international airports were built at the same time in Xiamen and Fuzhou of Fujian, which are just 300 kilometers apart; moreover, Quanzhou, 81 kilometers away from Xiamen, and Zhangzhou, closer to Xiamen, also planned to build their own airports. Similar infrastructural facilities were built in the same area without proper coordination according to local capabilities. Duplicated layout of investment was also found in Guangdong, Guangxi, and Hainan.

The inspection report also pointed out that, because various localities vied with one another in starting new investment projects, the gross amount of investment continued to swell. This took away money and affected the state's key construction projects. For example, a city in Henan arranged 30 construction projects this year. Only two were state-level key projects and seven were provincial-level key projects, with the rest being arranged by the city on its own. As localities launched a large number of projects on their own, priority was not actually given to the state's key projects.

As another example, a coastal city planned to rebuild its airport, and the state approved 200 million yuan in investment. The local government decided to expand the airport according to the standard of an international airport, however, and made this a fait accompli in order to require that the state authorities approve a commercial loan of \$90.6 million. The total investment thus exceeded 2 billion yuan. According to the investigation, the airport project was started even before it was approved by the state authorities.

The State Planning Commission pointed out that, if this year's actual investment exceeded the planned ceiling of 1,300 billion yuan, it will have serious consequences for China's macroeconomic ratios. In particular, as prices are now increasing sharply and inflationary pressures are

increasing, firmly controlling the size of investment in fixed assets has become a pressing task of the moment. The projects which should be suspended must be resolutely suspended so that the state's key construction projects can be actually guaranteed.

The local authorities have appropriately centralized investment management according to the State Council's instruction on further intensifying the state's macrocontrol over investment in fixed assets, and have changed the situation in which investment projects were managed by different departments without proper coordination.

Ministries, Commissions Discuss Economic Coordination

HK0106154294 Beijing ZHONGGUO XINWEN SHE
in English 1206 GMT 1 Jun 94

[Text] Beijing, June 1 (CNS)—Top officials from some ten ministries and commissions participated in the first conference on comprehensive coordination of the economy sponsored by the State Economic and Trade Commission. They had discussions on new features of the market economy in order to strengthen comprehensive coordination of the economic operation. A decision made in the conference stated that a system is to be set up for the holding of conference to achieve such an end.

Following analysis and review of the current economic situation in China, participants pointed out that much work should be done with emphasis on "comprehensiveness" and "coordination". The national economy should be kept at continuous, rapid and healthy development through means of timely regulation of the economic operation.

The conference concluded that work should be done to strengthen and improve comprehensiveness and coordination of economic operation. First, establishment of the socialist market economy system is necessary. It is rather complicated in the economic operation during the transition period when the new system replaces the old one. Old problems resulting from the planned economy system were uncovered while new ones appeared under the new situation, all of which should be seriously dealt with. A large workload to cover so many sectors with emphasis on coordination is expected. Quality of such coordinated work is directly related to the reform and development as a whole.

Second, it is necessary to have macro-economic regulation further strengthened and improved. Serious fluctuation in the economic development can be prevented by means of implementation of policies on timely regulation of economic operation.

Third, problems facing the current economic situation involved such fields as production, transport, internal trade and foreign trade as well as many departments. It is difficult to get them solved just by one individual

department, and comprehensive and coordinated efforts have to be made to solve them.

Officials from Ministries of Metallurgy, Coal, Electronics, Machine-building, Chemistry, Geology and Mineral Resources, Railways, Communications, Internal Trade as well as Foreign Trade and Economic Cooperation plus the China Light Industry Council, the China Textile Industry Council, the State Administration of Taxation and the State Statistical Bureau, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council attended the conference.

Nation Enhancing Support for Technical Transformation

OW0106141994 Beijing XINHUA Domestic Service in Chinese 0720 GMT 31 May 94

[By reporter Fu Gang (0265 0474)]

[Text] Wuxi, 31 May (XINHUA)—At a national work conference on the technical transformation held here today, Xu Penghang, vice minister in charge of the State Economic and Trade Commission, said: The principal problems revealed in China's economic operations are overinvestment in fixed assets, conspicuous structural contradictions, outdated equipment in some state-owned enterprises, backwardness in technology, single-product production, and weak competitiveness in the market. To change these conditions, it is necessary to invest more in the technical transformation in state-owned enterprises, step up the pace of transformation, and take the road of developing extended reproduction, on the basis of the existing scale.

Xu Penghang said: To encourage technical progress in enterprises, the state has, in the past, implemented a series of preferential policies for enterprises, like putting fish in a suitable place to breed, and it has positively promoted technical progress in enterprises. Under the new circumstances, however, we can no longer rely on tax breaks and benefits granted to upgrade technology for enterprises; instead, we should transform enterprise operating mechanisms, strive to strengthen their capacity, actively adopt new technologies and techniques, improve the level of management and overall quality of enterprises, and practice a system of fair competition to keep the superior and eliminate the inferior. To this end, the State Economic and Trade Commission will select a group of enterprises with favorable conditions to engage in a number of high-level technical transformation projects, so as to amass the limited capital to upgrade key industries and enterprises. We should consider the overall situation in approaching this issue; while supporting some key state enterprises, we should also guide the "leading sheep" among collective enterprises, village and town enterprises, and other economies to cultivate new economic growth points.

Xu Penghang said: Following the launch of measures for reforming the financial and taxation, banking, foreign

exchange, and investment systems, the sources of capital for technical transformations in enterprises have increased, bodies have cooperated in investing, and the modes of investment have been diversified. Taking the year 1993 as an example, of the investments in the state's two technical transformation projects, each of which was worth hundreds of million of yuan, only 1.1 percent of the total investment was from the state budget, 35.5 percent was from domestic loans, 3.8 percent was from foreign funds, 53.2 percent was from self-raised capital, and 6.4 percent was from other investments. Capital raised by enterprises themselves and foreign funds have become an important source of investment in the technical transformation. Because the power of examining and approving investment projects is delegated to the lower authorities, state-owned, collective, village, and town enterprises and a variety of economic entities have gradually become investing bodies. As for the modes of investment, more and more projects are jointly invested in by the central and local authorities, two or more localities, governments and enterprises, or enterprises and foreign businesses.

It has been learned that in the first three years of the Eighth Five-Year Plan period, China has altogether invested 467.9 billion yuan in the technical transformation, thus exceeding the total investment in the five years of the Seventh Five-Year Plan period. Thanks to the state's attention to the technical transformation in enterprises and investment in energy resources, undersupplied raw and semifinished materials industries, transportation, and telecommunications, the limitations caused by the "bottleneck" industries have been alleviated to some extent. Meanwhile, the state's vigorous support of the technical transformation for export-oriented enterprises engaged in processing industries has increased the textile industry's foreign exchange earnings by \$1 billion; a significant increase has also been seen in light industry, electronics, and machine building. In addition, the technical equipment produced by a number of key industries—products such as video recorders, textile machines, air conditioner compressors, and automobile engines—have become highly indigenous, thanks to the import of technologies, the technical transformation, and technological development.

Report Cites Enterprise Inflexibility

HK0206074094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0330 GMT 19 May 94

[Text] Beijing, 19 May (ZHONGGUO TONGXUN SHE)—A research report released recently by the China State Statistical Bureau's Industry and Communications Department discloses that the role of the "growth rate effect" as a special characteristic of China's industrial economy has decreased in recent years in the wake of the deepening of reform. A review of the internal and external factors regulating economic returns shows that "market inflexibility syndrome" on part of enterprises has emerged as a major factor.

The newspaper ZHONGGUO XINXI BAO run by the State Statistical Bureau carried a report on this recently. The said research report maintains that in recent years, in the wake of the full progress of the reform of the economic structure on all fronts and the enforcement of the relevant regulations, the regulatory function of market mechanisms has increased every day. An investigation conducted in 1991 by the department concerned into the cause of losses in 50 enterprises in the three cities of Beijing, Shenyang, and Tianjin revealed that three categories of factors—those related to policies, macroeconomic operations, and enterprise operations and management were responsible for 19.4, 47.8, and 32.8 percent of the cases respectively. Another investigation conducted last year by the department concerned into the cause of losses in more than 2,500 enterprises in eight provinces and cities, including Shanghai, Shandong, and Jilin, showed that the number of cases due to factors related to policies and macroeconomic operations had both been reduced to around 9 percent, whereas the number of cases due to factors related to enterprise operations and management had risen drastically to 82 percent. This change indicates that poor management and market inflexibility on the part of enterprises themselves have emerged as the major factors affecting their economic returns.

Minister Emphasizes Improving State-Owned Enterprises

HK0206035194 Beijing ZHONGGUO XINWEN SHE
in English 1241 GMT 1 Jun 94

[Text] Beijing, June 1 (CNS)—Improvement was made by state-owned enterprises during the first quarter of this year, according to Mr. Wang Zhongyu, Minister of the State Economic and Trade Commission.

With implementation of reform measures for finance, taxation, monetary system and foreign exchange, the new system proceeded normally, said Mr. Wang. He added that work on the state-owned enterprises would have to be strengthened. Emphasis had to be put on improvement of the enterprise mechanism while practice concerning bankruptcy on a trial basis, clearance of debt, supplement of capital at one's own disposal, restrictions on production of particular items for prevention of stockpiling, turning loss into profit and improvement of administration of enterprises had to be carried out.

At a conference sponsored recently by the Commission on comprehensive coordination of economic operation, participants expressed great concern for the state-owned enterprises.

Mr. Wang said that enterprises which came to a halt in production or saw inadequate working hours generally made up 10 percent of the total across the country. Of the enterprises, those which stopped production accounted for four percent. As state-owned enterprises followed the international accounting system, some expenses in the past considered part of spending related

to profit made by enterprises is now regarded as production cost, leading to a drop of profit in the account book. Actual profit made by state-owned enterprises, according to Mr. Wang, however, registered a gain and the loss reduced to some extent.

When regarding to appraisal of state-owned enterprises, Mr. Wang said that this should be seen with the following three points in minds. First, state-owned enterprises took a turn for the better in the wake of preferential measures for them and efforts made by the Party committees and governments at various levels as well as by enterprises themselves.

Second, great attention had to be paid to some enterprises suffering from poor quality products and difficulties in selling them. Solution to these problems had to be seriously looked into, but time and necessary conditions were needed for solutions.

Third, as state-owned enterprises had great vitality, therefore prospect for those enterprises was very promising.

Auto Plant Adopts Improved Production Techniques

HK0206044894 Beijing RENMIN RIBAO in Chinese
29 May 94 p 1

[By Li Shizheng (2621 1102 2398) and Yin Yongsheng (1438 3057 3932): "Number One Automobile Group Steadily Pursues Improved Production Method"]

[Text] When you visit Number One Automobile, you will discover that its workshops have changed a lot. The spare parts and components which are stacked up in ordinary plants are not found there. One person operates several machines. Inspectors and repairmen go to and fro on the spot ready to solve problems right away. Plaques giving production instructions in the workshop are written tidily..... This is what they have become since adopting an improved production method.

In recent years, in order to give priority to improving economic returns in the course of modernizing enterprise, the Number One Auto Group has enhanced its competitiveness in the market, boldly reformed its traditional method of flow mass production, and gradually and thoroughly introduced an improved method of production.

The improved production method is a unique one created by Japan's Toyota Motor Corporation in the 30 years since the 1950's and is considered another revolution in management following the "mass production method" created in the United States in the early 1920's. Its goal is to continuously reduce costs and waste and achieve zero stocks, product variety, and the maximization of economic returns with the fewest inputs. Today, economically developed countries around the world, especially in the auto industry, are learning and promoting this production method.

Number One Automobile began to adopt the improved production method in the company itself in 1992. First, they chose five special plants, nine workshops, and three production lines with different technological status, processing methods, and pace of production for experimentation. After adopting the improved production method for one year, the jack shaft plant doubled its originally planned production, increasing its labor productivity by nearly 100 percent. In the first year of pursuing the improved production method, Changchun's gear plant found its output value had increased by 44 percent, labor productivity by 37 percent, and per capita profits by 25 percent over the previous year.

After obtaining experience, the company, trying to make a breakthrough in production management, reformed its traditional mass production method:

They achieved "one-flow" production by changing the original phased-push process to a successive one-phase process, thus greatly reducing stocks between processes, reducing the amount of circulating funds used, improving processing quality, and greatly reducing waste.

They succeeded in reducing the number of production workers and achieved full capacity by having one person operate several machines rather than one machine as in the past, thus greatly improving production efficiency.

They changed the original large-scale production with a small number of batches to small-scale production with a large number of batches, thus facilitating the organization of varied production, saving warehouse space, and reducing rotating workloads.

They changed the original delivery of stocks to just-in-time delivery, thus smoothing production and maintaining orderly on-site production.

By adopting improved production, Number One Automobile has already obtained preliminary results and its economic returns have obviously improved. In 1993, its sales income increased by 45 percent over the previous year and profits and income increased by 53 percent, and many of its economic and technological indicators reached historic highs. Moreover, this improved production method has also been integrated with reform of the labor, wage distribution, and social security systems. Staff numbers have been reduced and have shown negative growth, and the enterprise has become "slim." A hot wave of "building a factory with improved production" has now surged in Number One Automobile, where leaders pay close attention to improving methods, staff and workers emphasize improved methods, and everyone stresses work improvement.

Commentator Cites Auto Plant Example

HK0206045294 Beijing RENMIN RIBAO in Chinese
29 May 94 p 1

[Commentator's article: "There Is a Gold Mine in Every Enterprise"]

[Text] It is difficult for one to understand very well the news about Number One Automobile if one is unfamiliar with economic management. However, the question it has raised, namely, demanding efficiency from management, is very important and specific.

State-owned enterprises must change their management mechanism. But a change of management mechanism cannot replace the strengthening and improvement of management. In order to make profits and avoid losses, management is essential.

Enterprises must pay attention to technological transformation. But technological transformation cannot replace the strengthening and improvement of management either. Without corresponding management, modern technology and equipment cannot play their roles very well.

Many enterprises always complain that they do not have enough funds and always ask for help from banks to solve their problems. But strengthening and improving management can not only dispense with capital inputs, it can even save large amounts of funds and under these circumstances improve returns and obtain funds. Why do we not make great efforts to use this method?

Successful enterprises in the developed countries do not ignore management. Between the late 1980's and the early 1990's, a great change took place in the global automobile market. American cars, which had played a dominant role earlier, were continuously affected and threatened by Japanese cars, not only in Japan, but also in other parts of the world and even in North America. International commentators generally held that as far as overall technological expertise was concerned, Japan still lagged behind the United States, but Japanese management was superior. The United States was not happy with its failure. Americans organized forces to study their competitors. An organization called the "National Automobile Plan" spent five years on investigation and research. It made a scientific exposition and conclusion of the production methods introduced by Japan's Toyota Corporation and called it the "improved production method." They held that if all of the industrialized countries generally adopted this production method, the world would change. They wrote their research results in a book and published as the *The Machine Which Changed the World*.

These facts show that in the world today, enterprises around the world not only compete in markets and through technology, but also compete acutely in management. What is precious about Number One Automobile is that it has already clearly seen this modern wave and has boldly thrown itself into this wave to compete.

At present, China's enterprise management does not meet the needs of the market economy or the needs of modern large-scale production. The contradiction is rather noticeable. The Number One Automobile Group's practice offers us a convincing example of demanding efficiency from management. Their leaders,

staff, and workers have already experienced the benefits of it. A certain worker jubilantly exclaimed: "There is a gold mine beneath my feet. The tool to mine the gold with is the improved production method!" In fact, there is a mine in many enterprises. Although they do not appear to be able to use the improved production method immediately, they should always proceed from reality, keep high standards, use better management methods, and dig out the gold.

Special Court in Nanjing Protects Consumers' Interests

OW0106134394 Beijing XINHUA in English 1246
GMT 1 Jun 94

[Text] Nanjing, June 1 (XINHUA)—Xiao Qing, a young teacher at Nanjing No. 20 middle school, was very cross when she was told by a studio assistant that a color film containing pictures she had taken together with her husband during their honeymoon had been lost.

For half a year, she complained about her loss to the studio executives and the relevant departments in charge of the studio, but without avail.

On April 5, 1993, she brought a lawsuit through a local court for protecting consumers' legitimate rights and interests. The court is part of the People's Court of Qinhuai District in Nanjing, the capital of Jiangsu Province.

She demanded that the studio apologize to her and compensate her for her loss.

She did not know then that her case would become the first case handled by China's first court for protecting consumers' rights and interests.

During the court hearing, the studio apologized to Xiao Qing. Mediated by the court, it agreed to pay her 500 yuan in compensation for her loss.

Since its establishment in March 1993, the court for protecting consumers' rights and interests has handled nearly 200 cases, according to Wang Dianyou, president of the Qinhuai District People's Court.

Wang said that these cases involved a wide range of disputes between buyers and sellers concerning the quality of goods, such as a fur-lined coat costing several thousand yuan and a pair of shoes costing about ten yuan.

He said that the court had made decisions on a small number of cases and had mediated in the rest.

"With our help, some disputes are resolved easily," he said.

For instance, a woman complained to the court that a skirt made by a tailor was too tight for her, but the tailor refused to alter it or give her compensation.

The dispute was resolved within two hours, with mediation by a court official. The tailor agreed to either compensate her or make her a new skirt.

Some owners of private shops refused to refund consumers even if their goods were found shoddy, Wang said.

But when a court official arrived at such shops, none of the owners would refuse to refund consumers, he added.

Wang said: "The court for protecting consumers' rights and interests must speak and act on behalf of consumers. I think it should enable the people to have a place to give vent to their grievances."

The court also provides consultancy services to local consumers, as well as consumers in the Daqing Oilfield in northeast China's Heilongjiang Province and in the island Province of Hainan in south China, he said.

More Worker Protection Urged in Foreign Firms HK0106144094 Beijing RENMIN RIBAO in Chinese 15 May 94 p 2

[Article by staff reporter Gong Wen (7895 7186): "Rights and Interests Are Not Costs—Report on the Question of Labor-Capital Relations in Foreign-Funded Enterprises"]

[Text] Thoughts on 61 Young People

In December last year, following the extraordinarily large fire on 19 November in Shenzhen, another major fire broke out at the Gaofu Company in Mawei, Fuzhou, in which 61 teenage girl workers were burned to death. The arsonist, surnamed Dong, who had been dismissed by the company for theft, pleaded guilty and was executed. However, more and more people are beginning to wonder: Why did the arsonist take such an extreme action of revenge? Why did so many innocent people lose their lives when the accident occurred?

A person in charge of the All-China Federation of Trade Unions pointed out penetratingly: The fires in Mawei and Shenzhen have fully exposed some problems in the labor-capital relations of foreign-invested enterprises, such as the intensification of labor-capital contradictions, the indifferent attitude toward production safety, and so on. These problems are attracting extensive attention from various circles of society.

Labor-capital relations are also called labor relations. They refer to the various kinds of relations between the possessors and users of labor, which involve the interests of the laborers, such as working conditions, wages and other remuneration, labor insurance, and so on. It cannot be denied that foreign-invested enterprises have provided more jobs and have established a new mode of labor relations for us. On the whole, most foreign-invested enterprises can operate according to the law, and their labor-capital relations are relatively stable. However, recent surveys show that there really are

problems in safeguarding the legitimate rights and interests of staff members and workers in some foreign-invested enterprises. This is even more conspicuous in some medium and small-labor intensive enterprises invested by ROK, Taiwanese, Hong Kong, and Japanese businessmen. The problems are manifested in:

- The system of using laborers. Some foreign-invested enterprises privately and indiscriminately recruit laborers (including child laborers), dismiss them at will, do not sign contracts with staff members or workers, and replace contracts with "factory rules" of a domestic disciplinary nature, so that the employment of the staff members and workers is not guaranteed. Even if contracts are signed, the contracts are not standardized. They contain only "responsibilities" and do not contain "rights and interests," or they contain inappropriate clauses which are imposed on workers. In Shantou, Zhuhai, and Fuzhou, more than 70 percent of foreign-invested enterprises have not signed contracts with workers. The Chinese and English versions of the contract of a certain major restaurant in Shanghai are entirely different, so that the restaurant can use the contract "to deal with" the staff members and workers at any time.
 - Wages and other remuneration. It is only right that the income of staff members and workers of foreign-invested enterprises should be higher, but, in reality, this is not true of all such enterprises. According to a survey on 75 foreign-invested enterprises in three special economic zones in Guangdong, the number of enterprises whose minimum wages for workers are below the minimum wage standard set by local governments is 41, accounting for 55 percent of the total. The minimum wages of 17 of these enterprises are below 200 yuan, and the lowest are only 140 yuan. Some enterprises have illegally lowered, reduced, delayed the payment of, or absorbing the remuneration for the workers' labor. They, for example, have made it a rule that two days' wages should be reduced for making a mistake in punching time cards and one day's wages should be reduced for going to the toilet without a permit, and so on. A Macao contractor of the Zhuhai Huahui Toy Plant fled outside the border after embezzling and absorbing workers' wages amounting to 1.4 million yuan. In 1992 alone, foreign-invested enterprises in Shenzhen delayed the payment of workers' wages amounting to more than 3.2 million yuan.
 - Labor time. A considerable number of foreign-invested enterprises have asked workers to work extra shifts or extra hours. These workers universally work 10-12 hour days, and they seldom have days off. Their overtime pay is very little, usually 0.5-1.0 yuan an hour. In several foreign-invested enterprises in Guangdong, the workers have had no holidays for 11 months running, and the workers sometimes work as long as 36 hours at a stretch. Some foreign businessmen have purposely set very high quotas for the workers and have set very low payment for each piece of a product.
- As a result, the workers are compelled to work long hours—some have fainted at their machine tools because they could not cope with the excessive workload. Some foreign-invested enterprises simply ignore the new work hour system which was promulgated not long ago.
- Labor protection. Some foreign businessmen have increased labor intensity, shifted high-pollution and obsolete industries to the mainland, and ignored safety and sanitation. Consequently, the labor conditions are very poor, and incidents leading to injuries and deaths often occur. In a 400-worker company solely owned by a foreign businessman in Xiamen, 40 workers have had their fingers squashed in four years since the company was established, because the machines of the company have no protective devices. Many medium and small enterprises do not have ventilation devices or toxic gas discharge devices. Their working environment is dark and damp, and more and more workers have suffered from occupational diseases. Some enterprises (such as the Gaofu Company) have located their workshops, storehouses, dormitories, and canteens all in one place. Even passageways are full of goods, the gates of plants are locked, and production is carried out in sealed-off areas. In the event an accident occurs, the staff members and workers cannot escape.
 - Insurance and welfare. Some foreign-invested enterprises have evaded their due responsibility for the social security of staff members and workers. In some localities, the insurance coverage of foreign-invested enterprises is very limited. Some of these enterprises have refused to provide pensions, medical insurance, and accident insurance for workers and have not duly provided welfare services for workers. In particular, women workers, who account more than half of the total number of workers in foreign-invested enterprises, are seldom given reasonable maternity leave, and some have even been dismissed during their pregnancy or after giving birth to a child. A Taiwanese businessman once said with a straight face: "Do you not talk about 'to each according to his work'? How can I pay her if she wants to give birth to a child and does not work?"
 - Personal rights. Some foreign-invested enterprises do not respect staff members or workers. Their ways of management are rough and brutal, and they even mete out corporal punishment to workers, beat them, curse them, and insult them. Some enterprises have established rules forbidding workers to drink water or to go to the toilet during work hours. They even illegally make body searches of workers.
- Since the legitimate rights and interests of staff members and workers have been repeatedly infringed upon, the number of labor-capital conflicts and labor disputes have increased.

Is This Simply a Management Issue?

The reason why these problems have emerged in the labor-capital relations in foreign-invested enterprises is that, on the one hand, the capital side of some enterprises have concentrated on seeking higher profits, have made serious mistakes in their short-term behavior, are not willing to make necessary inputs in labor conditions, have ignored the relevant laws and regulations, and have one-sidedly stressed "employment relations," thus causing various hidden troubles and undesirable effects. On the other hand, local governments have a biased understanding of the investment environment, have paid much attention to introducing foreign capital, equipment, and technology while neglecting management, and have excessively tolerated acts of infringement upon the rights and interests of staff members and workers of the Chinese side, thus making it difficult for the judicial departments to smoothly carry out their work.

As a matter of fact, foreign-invested enterprises must abide by local laws and regulations no matter which countries they are located in. Only this conforms with international norms. The crux of the issue is whether our legal system concerning labor is sound.

Some comrades from the Ministry of Labor have said: China has been implementing the reform and opening up policy for more than a decade and has obtained remarkable results in introducing capital, technology, and advanced management techniques. However, the building of the legal system where work is concerned has failed to meet the needs of the development of the situation. The departments concerned have formulated and promulgated a series of rules and regulations on labor management involving foreigners, but most of them only have administrative effects, not legal effects. Moreover, these rules and regulations were drafted in the 1980's, and they embody provisions which safeguard the rights and interests of the investors more than those of the staff members and workers of the Chinese side. In particular, since some great changes have been made in the labor system of state-owned enterprises, provisions on foreign-invested enterprises have evidently been inappropriate. The fact that legislation has lagged behind has led to a lax enforcement of the law. Some localities have simply used rules and regulations only as a reference, and foreign businessmen have made use of the loopholes.

Besides, the strength of trade unions in foreign-invested enterprises is still quite weak. According to incomplete statistics, by the end of last year, of the more than 80,000 foreign-invested enterprises which have been put into operation or production, about 8,000 have set up trade unions, accounting for only 10 percent of the total. Director Tian of the Grass-roots Work Department of the All-China Federation of Trade Unions said that most of the foreign-invested enterprises where labor-capital disputes occur do not have organized trade unions. Some foreign businessmen have regarded trade unions as their

opposites and have stood in the way of the establishment of trade unions. Some trade union cadres have been dismissed for defending the rights and interests of staff members and workers, and others are in an "underground" state. The workers from some foreign-invested enterprises in Shenzhen and other cities have spontaneously organized "associations of fellow townsmen" and "federations of workers." However, whenever major labor disputes occur, these non-trade union organizations often adopt radical measures which exacerbate the labor-capital relations.

The sense of self-protection is also very weak among the staff members and workers of foreign-invested enterprises. Most of them come from rural areas, and their cultural quality is not high. They are eager to make money and do not know how to defend their own interests and dignity. A female worker was slapped twice by her boss for no reason at all. The next day, the boss gave her 50 yuan wrapped in red paper and the other female workers watched with admiration. Several workers in Shekou were compelled to work overtime in midsummer. They fell ill and were dismissed at once, and each was given only 100 yuan for working in the heat of summer. These workers shed grateful tears. We cannot but feel "pity for their misfortune, and angry at their lack of protest."

What Should We Do?

In the course of making this report, we deeply feel that harmonious and stable labor-capital relations are important conditions for ensuring social stability and the healthy development of investment made by foreign businessmen. Of course, foreign businessmen should be allowed to make money, and the legitimate rights and interests of laborers should also be sufficiently guaranteed. We should not make use of foreign capital at the expense of the rights and interests of staff members and workers.

It has been learned that numerous foreign investors not only have paid much attention to the rich labor resources in China, but have also have paid greater attention to labor management in foreign-invested enterprises and hope that labor management can be put in the orbit of the legal system as quickly as possible. It appears that strengthening labor management according to the law in foreign-invested enterprises will not drive away the "foreign gods of wealth" (only those who are eager for quick success and instant benefit will be driven away), whereas unprincipled accommodation will inevitably harm the interests of the state and the rights and interests of the staff members and workers and will eventually affect the improvement of the investment environment.

According to comrades from the Ministry of Labor and the All-China Federation of Trade Unions, the pressing task at present is to speed up labor legislation. In view of the characteristics of foreign-invested enterprises, it is advisable to formulate the "Law on the Labor Management of Enterprises With Investment Made by Foreign

Businessmen" as quickly as possible. Otherwise, work in this respect will be in a dilemma in which there is no law to go by and no rule or regulation to follow. There should be a clear and unified definition for minimum wages, a labor contract, labor protection, social security, basic rights and interests of workers, and so on, and there should be a sound monitoring mechanism. We should strengthen the functions of trade unions and urge foreign-invested enterprises to set up trade unions so that trade unions can truly become bridges between the labor side and the capital side. Besides, we can also use as reference the experience of the Beijing Jeep Company Limited and institute the system of holding collective talks (reaching agreements) so that labor-capital relations can be normalized and standardized.

Local governments should also combine the work of attracting foreign capital with labor management and in examining and approving contracts or projects. They should include in these contracts or projects sections on the legitimate rights and interests of staff members and workers of the Chinese side. Since the number of foreign-invested enterprises is increasing in various localities and their scales are expanding, they should also further ensure that safety and sanitation monitoring work is carried out in order to avoid the recurrence of tragedies like the fire in Mawei. They should spread publicity and education on the legal system, enable foreign businessmen to understand the relevant Chinese policies and laws on labor, help staff members and workers strengthen the sense of self-protection, draw lessons from the crimes of the woman worker surnamed Dong of the Gaofu Company, and establish a sense of the legal system.

Some people predict that, with the gradual deepening of reform, the gap between the income of workers of state-owned enterprises and that of workers of foreign-invested enterprises will narrow day by day. This will play the role of checking and balancing labor management throughout society.

Official Views Changes in Foreign Investment Structure

HK0106132994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1024 GMT 19 May 94

[By reporter Shi Qingbin (2457 3237 1755): "China's Foreign Trade Official Says Foreign Investment Structure Has Changed"]

[Text] Hong Kong, 19 May (ZHONGGUO TONGXUN SHE)—Ma Xiuhong, deputy director of the Foreign Investment Management Department of the Ministry of Foreign Trade and Economic Cooperation, met with reporters this morning in Hong Kong. He said: It is expected that foreign capital will continue to flow into China, but a structural change in foreign investment will occur. For example, the investment in the real estate industry has begun to shift to the construction of lower-cost housing with slight profits and the reconstruction of

the old urban districts. Large infrastructural projects in the fields of energy production and transportation will also attract more foreign investment.

Ma Xiuhong said: In the course of developing the socialist market economy, China will gradually improve the relevant legislation in order to meet the needs of the market economy. The policy for using foreign funds will also be adjusted to a certain degree. However, the adjustments will make it more favorable to outside investors in the mainland. The current favorable policies for investment made by Hong Kong, Macao, and Taiwan compatriots on the mainland will not change.

Ma Xiuhong said: In recent years, foreign investment in China's interior areas increased faster than that in the coastal areas. Although the base is low, foreign investment in the interior has great potential. It is completely possible to further heighten the speed of attracting foreign investment there.

She said: Over the past two to three years, the amount of foreign investment attracted by China has increased rapidly. The number of contracts and agreements concerning foreign investment in China and the amounts of foreign investment actually made in China in 1992 all exceeded the total of the previous 13 years. Foreign investment again doubled in 1993 on the basis of that in 1992. By the end of 1993, there were more than 174,000 foreign-funded enterprises in mainland China, and their total investment reached \$220 billion. The amount of foreign funds actually used by them reached \$61.8 billion.

Article Views Transnational Chinese Enterprises

HK0106133094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0657 GMT 18 May 94

["Special article" by reporter Si Liang (1835 5328)]

[Text] Hong Kong, 18 May (ZHONGGUO TONGXUN SHE)—Since the 1990's, the government in Beijing has vigorously encouraged mainland enterprises to go overseas for development, build transnational groups, participate in international stock markets and purchasing activities, and strengthen their ability to compete.

Mainland enterprises' transnational business activities are developing step by step along the "mainland-Hong Kong-overseas" route. In the beginning, businesses primarily concentrated on commerce, trade, resources development, contracting for construction projects, transportation and communication, and international tourism. Up to the end of last year, the total number of overseas enterprises reached 4,500 in 120 countries and regions throughout the world.

The Hong Kong-based China-funded large enterprises—such as the China Resources group, China Merchants Steam Navigation group, China Travel Service group, CITIC Pacific group, Everbright group, and Guangdong

group—have indeed developed into transnational corporations, and their business channels have already reached out to many destinations overseas. The mainland enterprises which are listed in Hong Kong, such as Tsingtao Brewery Company Limited, Beiren Printing Machinery Holdings Limited, Guangzhou Shipyard International Company Limited, Maanshan Iron and Steel, Shanghai Petrochemical Company Limited, Yizheng Chemical Fiber, and Kunming Machine Tools, as well as the several companies which are listed in the United States, have in fact taken the first step toward becoming transnational companies.

Over the past two or three years, proceeding from trading companies, the mainland's overseas enterprises have one after another organized comprehensive commercial associations, that is, have grouped together some overseas enterprises and a large number of medium and small enterprises which are not very strong, to form transnational groups which possess great strength. For example, 20 large enterprises in Beijing, which engage in different trades, have organized themselves into a joint-stock transnational group, which possesses strong points in the areas of trading, industry, science, agriculture, and commerce and is vigorously exploring the market in Latin America. In Shanghai, approximately 480 overseas enterprises have recently reorganized themselves into five major overseas groups of companies situated in America, Oceania, the Commonwealth of Independent States, Japan, and Hong Kong. Early this year, the West Europe Group of Companies was founded.

At the same time, the mainland authorities are encouraging large enterprises to go overseas for development. For example, in an international bid at the end of 1992, Shoudu Iron and Steel Corporation bought the Peru Iron Mine, which had been losing money for years; one year later, the loss-making situation stopped and profits began to roll in, amounting to \$7 million. One and a half years ago, the Shoudu Iron and Steel Corporation joined hands with Li Ka-shing to buy the Tung Wing group in Hong Kong; thereafter, it bought four listed companies in Hong Kong and set up its Hong Kong and U.S. headquarters. For example, the CITIC group recently bought Australia's largest meat processing enterprise at a price of 100 million Australian dollars, and the China National Petroleum Corporation joined hands with a Japanese company and a Chinese company in investing \$1 billion in exploring and operating an oil zone in central Papua New Guinea. These are some of the success stories.

Recently, the China National Offshore Oil Corporation revealed that it will spend five years building a transnational oil company, which will include a number of sole companies limited and a number of joint-stock companies, with some controlling a majority of shares while others holding a minority of shares. At present, the company is exploring and building 11 oil fields, which are expected to produce 12 million tons of oil and 4 billion cubic meters of gas annually by 1997. In the past, the company has absorbed \$3.8 billion of foreign funds

and has signed 94 contracts with 55 companies in the international community; it has already acquired the scale of a big international company, and will quickly develop into a transnational petroleum group.

Mainland experts point out that, with the continuous increase in China's strength and its improvement of its operational methods, by following the path taken by the Shoudu Iron and Steel Corporation and the China National Offshore Oil Corporation, China will have a large number of companies developing into transnational groups.

Tourism Leads in Use of Foreign Investment

OW0106120394 Beijing XINHUA in English 1153
GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—Investment in China's tourism industry has a larger proportion of foreign investment than any other of the country's industries, according to a senior official of the State Tourism Administration.

By the end of this April, foreign investment in China's restaurants, tourism transport, construction of tourist spots, and tourist entertainment facilities totaled more than 10 billion U.S. dollars.

About 53 percent of total input in China's tourism industry comes from foreign investors. In addition, tourist projects which are to be financed through foreign investment under government plans will further increase this ratio to 72.9 percent of the total investment in China's tourism.

So far, according to the official, the State Planning Commission, the Ministry of Foreign Economic Relations and Trade and the State Tourism Administration have jointly approved 88 projects of construction and reconstruction of hotels with 25,600 guest-rooms, which drew a total foreign investment of 1.88 billion U.S. dollars.

With the introduction of foreign funds, the official noted, China has greatly improved its tourist services and further expanded the accommodation designed for overseas visitors.

At present, China has more than 3,000 hotels specially aimed at visitors from other countries, which receive an annual average of 40 million overseas tourists.

State Reports 'Normal' Operation of New Tax System

HK0106152394 Beijing JINGJI RIBAO in Chinese 12
May 94 p 1

[Report by Chai Mao (2693 5399): "Operation Has Been Normal Over the Past Four Months Since the Introduction of the New Tax System"]

[Text] According to information received from the State General Administration of Taxation, the overall operation of the new tax system, which began to be implemented on 1 January 1994, has been normal; most of the problems arisen have been or are being solved; and a smooth transition from the old tax system to the new one has basically been achieved. At present, the development of our national economy has entered the limits of the expected goals of macroscopic regulation. By the end of April, tax payments increased 29.2 percent over the same period of last year, and incomes at the central and local levels grew at the same pace. The tax reform has not triggered off large fluctuations in market commodity prices.

As introduced by a leading cadre of the State General Administration of Taxation, since the new tax system has only operated for four months, only initial results have been achieved. One type of the new problems that have arisen, in a nutshell, is problems related to the tax policy, which are primarily manifested in whether the tax burden of enterprises is justifiable and whether tax payments received can be deducted in a reasonable way. The other type is related to operation. For example, massive operational training was organized before the introduction of the new tax system, but, overall, it has not been enough, and problems such as calculation mistakes, erroneous classification, and mixed-up accounting have occurred.

With studies and investigation conducted over the past four months, most of the tax burden policy problems commonly reflected have been solved. For example, as far as enterprises of civil administration and welfare, school-run enterprises, and enterprises running the wholesale business of "shopping basket" commodities are concerned, preferential policies are still being applied to them, and the method of collecting taxes first and then returning the levies to them is being implemented. The value-added tax rate of agricultural produce, metal mineral products, non-metal mineral products, and coal has been reduced from 17 to 13 percent. Grain and edible oil allocated and transferred wholesale to the people by state-owned grain and commercial enterprises will be exempt from value-added tax for two years; as will agricultural means of production, such as feed, seeds, chemical fertilizers, pesticides, plastic sheeting, and farm machinery. Tap water, small facilities of water and power supply below the county level, and some building materials, such as sand, soil, and stone, will be taxed at the rate of 6 percent. The tax on junk purchased from society is reduced by 10 percent, and tax on freight is reduced by 10 percent. Moreover, it is clearly stated that preferential policies concerning enterprise income tax are still applicable to enterprises involved with new and advanced technologies, service enterprises, enterprises utilizing "three wastes," new enterprises in "old, new, border, and impoverished" areas, labor service and employment enterprises, school-run enterprises, enterprises of civil administration and welfare, and township and town enterprises.

The leading cadre of the State General Administration of Taxation said: The contradiction of some problems has been alleviated after taking a number of measures, but a process is still necessary before the small taxpayers' problem, the problem of deducting tax payments contained in the opening inventory, and so on are completely solved. Moreover, solutions for some problems have been fixed and are being implemented.

Official Reaffirms Central Enforcement of Land Tax

HK0106153994 Hong Kong WEN WEI PO in Chinese 1 Jun 94 p C3

[Report: "Li Yonggui, Deputy Director of State Administration of Taxation, Says Land Value-Added Tax Is Centrally Enforced and Not To Be Changed by the Local Authorities"]

[Text] Li Yonggui, deputy director of the State Administration of Taxation, said yesterday in Hong Kong that, while land value-added tax is based on local tax structures, and local authorities therefore should be allowed to set a suitable rate for themselves as the economy develops, at the present stage it is enforced by the central authorities, and the local authorities are not allowed to raise or reduce it on their own.

At a seminar titled "China's Taxation, Financial Reform, and Hong Kong's Economy," Li Yonggui reiterated that the central authorities would not postpone levying the new tax, however strong the reactions from the outside world. The new tax is now being held up pending the announcement of the implementation procedures and will be enforced once they are in place, which he predicted will be before the end of this year.

Referring to the recent announcement of a 30 percent rise in state tax revenue, Li Yonggui denied that the new tax would increase burdens for enterprises, explaining that the higher tax revenue came mainly from the abolition of past preferential policies or tax reductions or moratoriums.

Officials Discuss Promulgation of Land Tax Rules

HK0206083094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0932 GMT 24 May 94

[By Shi Qingbin (2457 3237 1755)]

[Text] Hong Kong, 24 May (ZHONGGUO TONGXUN SHE)—According to a report published a few days ago, the land value-added tax will not be collected this year and several senior taxation officials at the provincial level also think that detailed rules for collecting land value-added tax will not be promulgated this year. A ZHONGGUO TONGXUN SHE reporter interviewed Dong Shukui on this. Dong Shukui is deputy director of the Foreign-Related Taxation Department of the State Administration of Taxation and is visiting Hong Kong.

Dong Shukui said: At present, detailed rules for collecting land value-added tax are being formulated in earnest and they will certainly be published this year.

Dong Shukui pointed out: Detailed rules for collecting the land value-added tax will soon be promulgated. They may be promulgated in the first half of this year and their promulgation will probably not be delayed until the end of the year. The detailed rules will certainly give full consideration to the issues which real estate investors are concerned about.

It is known that collection of land value-added tax will only begin after the promulgation of detailed rules for collecting land value-added tax.

Vice Construction Minister Li Zhendong disclosed not long ago that detailed rules for collecting land value-added tax tentatively state that no land value-added tax should be levied on real estate projects whose contracts were officially signed before 1 January 1994, and all real estate projects whose profits do not exceed 20 percent of the cost should also be exempted from land value-added tax. Land value-added tax should be levied on real estate development projects investing in ordinary residential housing and other low-profit housing only if profits exceed 40 percent of costs.

Li Zhendong also said that detailed rules for collecting land value-added tax would be promulgated in the near future.

Dongfeng Auto Output Hits 1.5 Million

OW0106142694 Beijing XINHUA in English 1405
GMT 1 Jun 94

[Text] Wuhan, June 1 (XINHUA)—Dongfeng automotive corporation, China's second largest auto producer, had produced 1.5 million trucks by Tuesday [31 May] morning.

Located in the central province of Hubei, the plant was designed and built solely by China. Its construction started 25 years ago.

It has become an automotive syndicate integrated production with research, development and sales. The company produces 18,562 automobiles in 1993, over 95 percent of which are produced in the two major production plants in Shiyan and Xiangfan.

The corporation has developed seven basic models which are produced in 152 varieties and 170 reassembled types, greatly improving the products in reliability, comfort and road handling.

Circular Allows Foreign Investment in Civil Aviation

OW0106193094 Beijing XINHUA Domestic Service in Chinese 0820 GMT 31 May 94

[Text] Beijing, 31 May (XINHUA)—With the State Council's approval, the Civil Aviation Administration of

China [CAAC] and the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] recently jointly issued the "Circular on the Policy on Foreign Investment in the Civil Aviation Industry." The circular said: To accelerate the development of the civil aviation industry and to improve the operations and management of the industry, with the State Council's approval, foreign companies are conditionally allowed to invest in China's civil aviation industrial projects with the state as the major investor.

The circular said: Foreign companies are allowed to invest in the construction of the flight zones (including runways, taxiways, and parking aprons) of civil airports (not including airports for military and civil purposes; same in the following) in the PRC in the form of joint ventures or contractual joint ventures. Investment of the Chinese side should be more than 51 percent of a company's registered capital, and the company's chairman of the board and president are to be Chinese. Priority will be given to considering investment by foreign companies investing in constructing flight zones of civil airports in the construction of airport terminal buildings (excluding construction and management of VIP rooms) cargo warehouses, ground service centers, aircraft maintenance centers, in-flight food service centers, guesthouses, restaurants, air fuel supply facilities, and other airport-support projects. Chinese investment in the construction of airport terminal buildings should be more than 51 percent, and chairmen of the boards and presidents should be Chinese. With approval, foreign companies investing in the construction of civil airport flight zones may appropriately expand their business areas to include the management of airport terminal buildings, cargo warehouses, ground service centers, aircraft maintenance centers, in-flight food service centers, guesthouses, restaurants, air fuel supply facilities, and other airport-support projects. Air traffic control systems are to be invested in and managed by the state; foreign companies are not to invest in these projects or take part in their management.

The circular pointed out: Foreign companies, particularly foreign air transportation companies, are allowed to jointly invest in Chinese air transportation companies in establishing air transportation enterprises in the form of joint ventures or contractual joint ventures. Foreign companies, particularly foreign air transportation companies, are allowed to purchase shares of Chinese air transportation companies, or to exchange shares with them to establish air transportation enterprises. At the beginning, one or two foreign air transportation companies will be selected by the CAAC and other concerned departments to invest in establishing air transportation enterprises in China on a trial basis. More foreign companies will be allowed to do so if the trial operations are successful. Foreign companies' shares must not be more than 35 percent of co-invested air transportation enterprises' registered or paid-up capital, and their voting rights at the co-invested companies' boards of directors must not be more than 25 percent. Chairmen of

the boards and the presidents of co-invested companies are to be Chinese. Air transportation enterprises with foreign investment enjoy the same taxation treatment as similar Chinese enterprises. Foreign airport authorities and aircraft manufacturing enterprises are not allowed to invest in establishing air transportation enterprises in China.

The circular said: Foreign companies are allowed to invest in aviation enterprises in the form of joint ventures or contractual joint ventures for agricultural and forestry purposes. The percentage of foreign investment shall be decided by the Chinese and foreign investors. Approval should be gained from the CAAC for the establishment of civil aviation enterprises with foreign investment. For projects of which the authority of approval is beyond that of the CAAC, the State Planning Commission is to examine the reports on the projects and the feasibility reports, and the MOFTEC is to examine relevant contracts and regulations. For projects of which the authority of approval lies with the CAAC, the CAAC is to examine the reports on the projects and the feasibility reports. Contracts and regulations related to the projects are to be submitted to the MOFTEC for approval.

Aviation Official Discusses Airlines' Traffic, Safety

OW206102294 Beijing XINHUA in English 0938 GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—In the first five months of this year, China's airlines have maintained steady increases in the number of passengers and the amount of cargo transported.

Yan Zhixiang, deputy-director of the Civil Aviation Administration of China, said today that from January to May this year, domestic airlines carried 15.28 million passengers and 314,000 tons of cargo, up 19.2 percent and 19.8 percent, respectively, on the same period last year.

Yan said that so far this year the record of air safety has been generally good, with no transport flight accidents. Flight punctuality and service quality have been improved to some extent, and flight delays have been markedly cut.

Yan reiterated that major attention should be paid to air safety. All airlines should scientifically arrange their flights according to their own capabilities; examinations will be regularly arranged for air crews. Those who break the rules will be severely punished.

Ministries Ban Harmful Projects, Encourage Recycling

HK0106154394 Hong Kong LIEN HO PAO in Chinese 1 Jun 94 p 22

["Special dispatch": "Three-Year Ban on Six Kinds of Projects by Mainland"]

[Text] Beijing, 31 May—The Ministries of Construction and Domestic Trade have stated that they will ban the launching or expansion of projects for the following products due to overproduction and shortages in raw materials: Aluminium-alloy windows and doors, plastic wallpaper, man-made marble, terrazzo, plastic product processing, and mini-vehicles. Beijing has decided to freeze projects on the above products for the next three years.

Meanwhile, Beijing will encourage projects for the following products by means of preferential policies: The production of steel from scrap iron; the extraction of metals from nonferrous metal scrap, solvents, and discarded parts; the extraction of nonferrous metals from cast-away plastic pieces, toothpaste tubes, and used light bulbs, batteries, and fluorescent light tubes; the making of recycled paper and paper products from rags, hemp, flax, cotton, and paper; the recycling of chemical fibre waste, scrap glass, and plastic and raw material waste; and the production of recycled rubber and rubber powder from rubber waste.

Procedures on Duties for Personal Articles

OW2705171594 Beijing XINHUA Domestic Service in Chinese 0419 GMT 26 May 94

[Text] Beijing, 26 May (XINHUA)—Customs Procedures of the People's Republic of China Concerning Levying Import Duties on Incoming Travelers' Luggage Articles and Personal Postal Articles

(Examined and Approved by the Sixth Meeting of the State Council Customs Tax Regulations Committee According to the Decrees of the State Council Nos. 134 and 135, People's Republic of China)

Article 1. With a view to satisfying the rational need of imports for personal use and simplifying taxation procedures, the procedures hereof are formulated in accordance with "The Customs Law" and "Regulations on Import and Export Duties."

Article 2. Except as otherwise stipulated, import duties shall be levied on taxable incoming travelers' luggage articles, personal postal articles, and other personal effects (hereinafter referred to as taxable personal articles) that are allowed to enter the country by customs in accordance with the "Import Duty Rates for Incoming Travelers' Luggage Articles and Personal Postal Articles."

The import duties referred to in these procedures include customs duties, value-added tax, and consumption tax.

The taxable personal articles referred to in these procedures do not include automobiles, motorcycles, and their parts and accessories. Import duties shall be levied on taxable automobiles and motorcycles for personal use as well as their parts and accessories in accordance with the

"Customs Import and Export Tariff of the People's Republic of China" and other relevant taxation laws and provisions.

The "Import Duty Rates for Incoming Travelers' Luggage Articles and Personal Postal Articles" (hereinafter referred to as "Rates") is a part of these procedures. Any readjustment of the "Rates" will be promulgated for enforcement by the General Administration of Customs [GAC] after being examined and finalized by the State Council Customs Tax Regulations Committee.

Article 3. Payers of import duties are: Incoming travelers carrying taxable personal articles, staff of transport vehicles, recipients of imported postal articles, and recipients of taxable personal articles imported through other means.

A taxpayer may go through taxation procedures by himself or herself or by entrusting an agent to handle the matter on his or her behalf. The agents entrusted shall abide by the provisions binding their consigners in these procedures.

Article 4. The GAC shall work out the "Classification Table for Taxation of Incoming Travelers' Luggage Articles and Personal Postal Articles" (hereinafter referred to as the "Classification Table") according to the "Rates."

Customs shall classify taxable personal articles according to the "Classification Table" and determine applicable rates. In case certain articles are not listed in the "Classification Table," customs shall classify them into the most appropriate category as defined in the "Rates" for taxation.

Article 5. Import duties shall be levied in light of the prices of articles taxed.

Article 6. Customs shall levy import duties on taxable personal articles according to rates and duty-paid prices effective on the day of the issuance of tax-paying certificates.

The amount of import duty is the duty-paid price multiplied by the import duty rate.

Taxpayers shall pay duties before customs releases taxable personal articles.

Article 7. If customs finds that taxes levied are short of the required amount after taxable personal articles have been released, it may ask the taxpayers to pay the shortfall within one year from the date of the issuance of the tax-paying certificates; if customs finds that taxable articles have not been taxed, it may recover the tax from the taxpayers within one year from the date of the release of the articles in question. If there should be any shortfall or evasion due to violations of regulations on the part of taxpayers, customs may ask the former to pay the tax within three years from the date of violations of regulations.

If customs finds or confirms that there is an overcharge of taxes, it shall return the overcharged part immediately; taxpayers may also ask customs to return the amount overcharged within one year from the date of taxation.

Article 8. Should there be any disagreement between customs and taxpayers, the latter shall first pay duties as determined by the former and then appeal to the former in a written letter for reconsideration within 30 days from the date of the issuance of the tax-paying certificate by the former. If the appeal is overdue, the former may ignore it.

Customs shall work out a decision of reconsideration and notify the taxpayer within 15 days from the date of receipt of the appeal. If the taxpayer is not satisfied with the decision, he or she may appeal to the GAC for reconsideration within 15 days from the date of the receipt of the notice from customs. The GAC shall work out a decision of reconsideration and notify the taxpayer within 30 days from the date of receipt of the application for reconsideration.

If the taxpayer is still not satisfied with the GAC decision, he or she may bring a suit to a people's court within 15 days from the date of the receipt of the GAC decision.

Article 9. The power to interpret these procedures rests with the State Council Customs Tax Regulations Committee.

Article 10. These procedures become effective as of 1 July 1994.

The Import Duty Rates for Incoming Travelers' Luggage Articles and Personal Postal Articles

Taxation No.:	1
Items:	Books; newspapers; periodicals; educational movies; slides; original cassette tapes and video tapes; contraceptives and medicines; gold, silver and their products; food
Rate:	duty exempted

Taxation No.:	2
Items:	Textiles and their products; electrical appliances (excluding microcomputers and video cameras), bicycles, wrist watches, clocks and their parts and accessories, cosmetics
Rate:	50 percent

Taxation No.:	3
Items:	Video cameras
Rate:	100 percent

Taxation No.:	4
Items:	Tobacco, wine
Rate:	200 percent

Taxation No.:	5
Items:	Articles not listed above
Rate:	20 percent

State Council Issues Circular on Protecting Forests

OW0206045094 Beijing XINHUA Domestic Service in Chinese 2111 GMT 31 May 94

[Text] Beijing, 1 Jun (XINHUA)—The State Council's General Office recently issued a circular on improving the protection and management of forest resources. The circular said: In recent years, various localities have made new headway in accelerating the pace of afforestation and greening, and in improving the protection of forest resources. Some new problems have arisen in our forestry sector, however. Chief among them are an increase in the excessive consumption of forest resources, the rather serious problem of logging in excess of authorized quotas, and the renewed practices of indiscriminately felling and logging trees and of recklessly capturing and hunting wildlife. People's governments at all levels and all relevant departments should take these problems seriously, and they should earnestly study ways to solve them.

In the circular, the State Council's General Office said emphatically: Although our country has achieved growth in both forested areas and forest reserves, it is still deficient in forests, with dwindling full-grown or overgrown forest resources. People's governments at all levels should take forestry-related work seriously. We should make use of all economic and legal means, adopt administrative measures which are conducive to the protection and development of forest resources, and devote earnest efforts to protecting and managing forest resources.

First, we should strictly implement the system of logging quotas and timber transportation based on relevant documents. Annual logging quotas, which are approved by the State Council for prescribed periods, represent the maximum consumption amounts for various localities when they exploit forest resources; they are legally binding. No localities may surpass the quotas without the approval of the State Council or other authorized units. In the second half of 1994, all localities should extensively review the progress of recent years in enforcing logging quotas, and strictly deal with units that exceed logging quotas. We should continue the policy of allowing forestry departments to exercise unified management and organize trips into the mountains to buy timber from key timber-producing counties, and may not willfully abolish timber inspection stations established in accordance with the law. Railways and transportation departments should maintain the system of

transporting timber based on relevant documents. Administrative organs and law enforcement departments are strictly forbidden to run logging operations under various pretexts and in various forms.

Second, we should tighten supervision and management over woodland utilization and implement the system of compensated woodland utilization. Units and individuals which have not attended to relevant procedures in accordance with the law may not, under any pretext, occupy or allot for free utilization woodland which is used by state-owned forestry enterprises and institutions. Forestry rights certificates are legal documents attesting to ownership rights to forests, timber, and woodland. People's governments at all levels should review illegal woodland appropriation and occupation since the second half of 1992; set deadlines for attending to procedures for examination, approval, and compensation; and retake illegally appropriated and occupied woodland upon failure to complete such procedures.

Third, we should conscientiously improve the protection and management of wildlife and rare plants. People's governments at all levels should take wildlife and rare plant protection as their important duty, institute an on-the-job responsibility system, and implement various protection measures.

Fourth, we should improve forestry administration and basic services regarding forest resources, and stabilize the forestry-related law-enforcement ranks. People's governments at all levels, particularly county-level forestry departments, should place a premium on basic services such as forest resource protection and management. They should stabilize the ranks of managerial and law-enforcement personnel for forestry administration, forestry-related public security, timber inspection stations, and forestry work stations. They should actively solve practical staffing and funding problems, and foster good working conditions for such personnel.

Fifth, we should sternly combat all kinds of illegal and criminal activities which destroy forest resources. People's governments at all levels should take resolute measures against, and devote special efforts to cracking down expeditiously on, illegal and criminal acts committed by various people's governments to pilfer and clandestinely log trees owned by the state and collectives; to occupy woodland illegally; to hunt, smuggle, and trade illegally in wildlife and allied products which are on the state's priority protection list; to damage rare plants; and to beat up and injure forestry-related law-enforcement personnel.

Sixth, we should uphold the responsibility system based on tenure-specific objectives under which leading cadres protect and develop forest resources. Forest resource protection and management are an important duty of people's governments at all levels. We should take the growth and depletion of forest resources as one of the criteria against which to evaluate the performance of leaders at all levels, especially those at the county and

township levels. We must investigate the responsibility of key administrative leaders if they have caused heavy losses through their failure to effectively halt the practices of indiscriminately felling and logging trees, illegally occupying woodland, and recklessly capturing and hunting wildlife while they are in office. We should commend and reward those who have achieved remarkable results in protecting, nurturing, and developing forest resources.

Urges Protection of Forest Resources

OW0106160894 Beijing XINHUA in English 1547 GMT 1 Jun 94

[Text] Beijing, June 1 (XINHUA)—China has vowed to strengthen the protection and control of the country's forest resources, according to a circular issued by the State Council recently.

According to the circular, the country's timber consumption climbed, and the cut in some localities was on the rise.

In response, the circular urged governments at all levels and relevant departments to pay special attention to the protection and management of forest resources, saying that the limit on timber cuts and transport licensing system should be enforced strictly.

Also, and the management of forest area use and the protection of wildlife and rare plants should be considered an important duty of local authorities, said the circular, noting that those caught destroying the forest will be punished severely.

Bumper Harvest Projects Yield Substantial Benefits

OW0106111194 Beijing XINHUA Domestic Service in Chinese 0301 GMT 29 May 94

[By reporter Lin Hongmei (2651 4767 2734)]

[Text] Beijing, 29 May (XINHUA)—Since its implementation seven years ago, the nationwide bumper harvest projects for agriculture, animal husbandry, fisheries, and forestry have succeeded in introducing a great number of scientific and technological achievements and advanced, workable skills to agricultural production, bringing about not only a more bountiful farm products market but also substantial incomes among the vast number of peasants.

According to information provided by the Agriculture Ministry's Bumper Harvest Projects Office, currently grain, cotton, and oil-bearing crops cultivated with the new skills promoted under the bumper harvest projects have reached 1 billion mu in total acreage. Grain production for the past seven years has increased by 23.8 billion kg, ginned cotton by 556 million kg, oil-bearing crops by 2.3 billion kg, sugar crops by 7.5 billion kg, vegetables and fruits by 1.8 billion kg; meats, poultry, and eggs by 620 million kg; aquatic products by 400

million kg, and milk by 28 million kg, with the increase in the output value of these products totalling 26.8 billion yuan.

The nationwide bumper harvest projects for agriculture, animal husbandry, fisheries, and forestry—which were jointly initiated and promoted by the Agriculture and Finance Ministries in 1987 with all-out participation by 30 provinces, municipalities, and autonomous regions throughout the country—have thus far promoted 147 new technological items, including new, good crop varieties; new, good poultry and livestock breeds; dry-land farming; simulated agricultural cultivation; water-conserving cultivation; cultivation using plastic sheeting; horticulture; improvements in fertilizer formulas; comprehensive crop disease, pest, weed, and rat control; straw ammoniation; feed and additive formula improvements; high-yield aquatic breeding; fresh-keeping, storage, transportation, and processing of farm products; agricultural mechanization in cultivation and breeding; and rural energy development. Backed by special funds and pushed hard by government actions, these new technologies have been promoted rapidly at the agricultural production level and have had huge benefits. The 20 projects implemented last year under the nationwide bumper harvest projects for agriculture, animal husbandry, fisheries, and forestry have resulted in an increase of 1.98 billion kg in grain production, 47.6 million kg in ginned cotton, and 179 million kg in oil-bearing crops—respectively 23 percent, 3.3 percent, and 20 percent more than the planned targets—and an increase of 3.74 billion yuan in output value. Practice has shown that bumper harvest projects have turned out to be an important means in speeding up the transformation of China's agricultural scientific and technological achievements, in guaranteeing its agricultural production, and in promoting the development of rural productivity.

The bumper harvest projects have been a major state plan in enhancing the level of rural productivity. For the past seven years, a total of 16.5 billion yuan have been invested in the project, of which 180 million yuan were state revenues, while the remainder were made up of local funds and loans. The state has specifically formulated a guiding group for the projects. In attaching importance to their implementation, governments at provincial, prefectural, and county levels have adopted a contract management system to ensure success. Last year, 197 first-tier contracts were signed between the Agriculture Ministry and various provinces, regions, cities, and cities with provincial-level economic powers, while 950 second-tier agreements were entered into between provinces and counties, with personnel being designated at each and every level to guarantee the successful promotion of all new skills at the peasants' level.

Through explorations and summing up amid practice, the bumper harvest projects have developed an effective, regulated, and institutionalized management pattern of their own. From the very outset, the nationwide bumper

harvest projects have adopted a competitive mechanism by singling out for promotion scientific and technological achievements which have a bearing on the national economy and the people's livelihood and which are capable of enhancing the economic results of China's agriculture, animal husbandry, and fisheries industries, as well as of stimulating the development of the three aforementioned industries. In the course of their implementation, project contracting units must present periodical progress reports to parties offering such contracts.

Before a project is concluded, all interested parties will undertake the appraisal and summing up process according to project and contract requirements. Circulating funds handed down together with appropriations are to be utilized on a rolling basis, under which repayments must be made in time. Defaults in repayment may result in the suspension of appropriations for the next project. These rigid management rules have provided a new way to better manage China's agricultural funds under market economic conditions.

Central-South Region

'Strong Measures' To Halt Guangdong's Illegal Developments

HK0206082094 Hong Kong TA KUNG PAO in Chinese
1 Jun 94 p 21

["Special dispatch" by staff reporter Ho Sui-i (0149 4482 1837): "Guangzhou Adopts Strong Measures To Ban Illegal Land Use and Construction"]

[Text] Guangzhou, 31 May (TA KUNG PAO)—At a special meeting today, Guangzhou Construction Committee Director Ou Guangquan said: In view of illegal land use and illegal construction in Guangzhou, which continue to spread despite consistent efforts to ban them, Guangzhou will adopt strong measures to exert pressure on the enterprises in relevant quarters.

The measures provide that all documents on land and construction projects approved ultra vires or through the abuse of power are invalid, that all approved documents and blueprints for such projects which have yet to begin must be withdrawn for cancellation, that all such projects under development must be immediately stopped and given the maximum fine by the relevant departments in accordance with laws and regulations, and that all units which have undertaken to design or develop such illegal projects will be ordered to stop designing and development and will have their professional grade lowered or their professional licenses canceled.

If a unit stubbornly develops an illegal project to make it an accomplished fact, the authorities in charge of the land will not recognize its property rights and must not allow it to be bought or sold, inherited, given as a present, rented out, transferred, or mortgaged; the notary office will not notarize it; the water supply company will not supply water to it; the electricity supply company will not supply electricity to it; the police station will not allow it to be occupied; post and telecommunications departments will not offer postal services or telecommunications service to it; the industrial and commercial department will not issue a business license to it; and the fire service, environmental protection, and public health and quarantine departments will not grant it professional recognition.

Relevant persons said: According to earlier surveys, it was discovered that in the districts of Baiyun, Huangpu, and Fangcun in the suburbs of Guangzhou, foreign businessmen have been deceived. They had invested hastily in projects and built standard plants or apartments without obtaining valid documents. Their projects were eventually found to be illegal through inspection, and they were fined and ordered to cancel development and planning for their projects.

Moreover, relevant persons reminded people that they should be cautious about exaggerated advertisements in newspapers and on the radio and said that if the property

had no legal documentation or documents were lacking, consumers would always fall victim.

Guangdong Begins Appraisal of Intangible Assets

HK0206085594 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0948 GMT 20 May 94

[Text] Guangzhou, 20 May (ZHONGGUO TONGXUN SHE)—"Knowledge assets" and "goodwill assets" are what have helped Guangdong people repeatedly prevail in business battles. Quietly, an enthusiasm for "intangible assets appraisal" is growing across Guangdong. The strange power of this "magic weapon" employed by Guangdong people is being popularized and standardized.

One year ago, China's first "intangible assets appraisal office" was established in Shenzhen, opening a new chapter in the history of scientific appraisal and fair pricing of patented technologies, copyrights, business franchises, service trademarks, and approval rights owned by Chinese firms and intellectuals. The Shenzhen City Intangible Assets Appraisal Office has made over 30 appraisal reports commissioned by more than 20 clients.

Sources revealed that the office assessed the trademarks and goodwill of the "Sanjiu" Corporation to be worth roughly 700 million yuan, and the formula for Yunnan Baiyao [a medicine] at over 40 million yuan. When a university bought into a joint-stock enterprise with one of its scientific and technological achievements, the office gave it a monetary value of 32 million yuan. An engineer was awarded 460,000 yuan worth of technology-generated earnings over a three-year period by a company after it adopted his patented technology. Courts have ruled that "intangible assets appraisals" are admissible as evidence.

Guangdong Province has been cautious about the appearance of offices for appraising intangible assets, and apart from Shenzhen, only Zhuhai has formed an intangible assets appraising group—a provincial assets appraisal center is still being prepared. However, intellectual and business circles are very enthusiastic about this "intangible" industry. People hope very much for a quantified "statement" on the value of their knowledge and business goodwill.

Southwest Region

Guizhou Province To Increase Power Plant Construction

OW0206041994 Beijing XINHUA in English 0324
GMT 2 Jun 94

[Text] Guiyang, June 2 (XINHUA)—Southwest China's Guizhou Province plans to build more power plants and stations in the coming few years.

As a mountainous province, Guizhou is rich in hydropower and coal resources. It now has a generating capacity of more than 2.8 million kw.

Xiang Dehong, director of the electricity bureau of the province, said that more than ten power projects with a total generating capacity of 5.63 million kw will be constructed from 1995 to the end of this century.

As its neighboring east Chinese provinces suffer power shortages, the province aims to jointly build power stations and plants with these provinces and supply more electrical power to them.

At present, several such projects are under construction and two power transmission lines to Guangdong Province have been completed and another one is being built. A transmission line to the Guangxi Zhuang Autonomous Region is also under construction.

As the power industry develops, the electricity-consuming mining and metallurgy industries are becoming the mainstays of the province's economy.

Officials Implicated in Sichuan Corruption Case

HK0206070294 Hong Kong *EASTERN EXPRESS* in English 2 Jun 94 p 9

[By staff reporter]

[Text] A high-powered corruption case at the heart of China's intensifying clash of central and regional interests is about to explode into public view.

The case involves connections stretching to a senior party and military leader, Yang Shangkun, and could result in disciplinary action against the mayor of Chengdu, Wang Rongxuan.

Documents obtained by Eastern Express show that the country's top anti-corruption bureau—the Supreme People's Procuratorate—ordered a special investigation this month into massive embezzlement of funds invested by overseas Chinese in Sichuan province since 1988.

The case pits a famous Kuomintang warlord family with links to the Yang family in Beijing against powerful elements of the Sichuan provincial bureaucracy.

The Sichuan bureaucrats have resisted instructions from Beijing to investigate other officials accused of making off with millions of renminbi in funds.

A series of "internal reference" reports concerning the case have circulated among top Beijing leaders, but have not previously been made public because of fears that this would reduce the flow of funds from overseas Chinese (including those in Hong Kong and Taiwan), which account for more than 80 percent of foreign investment in China.

Allegations centre on Wen Jinjing, the chairman of the Chengdu Federation of Returned Overseas Chinese.

In April 1990, Wen appointed himself president of the Chengdu Overseas Chinese Property Development Company, a joint venture between the federation and a group of overseas Chinese in the city led by Su Tianshu.

The 58-year-old Su was instrumental in attracting funds to the company before he was forced to retire because of the vast Taiwan and overseas Chinese connections of his former wife, Wang Jihua.

Wang, who emigrated to Hong Kong in 1988, is the granddaughter of a Kuomintang general who served in Chengdu during the Chinese civil war.

Since the sacking of Su, shareholders have accused Wen of making off with millions in funds from the company and its investment fund, most of which they claim has found its way into the pockets of city officials.

Su fled from Chengdu to Beijing in December 1990, fearing detention after he accused city officials of corruption and misbehaviour in the federation's virtual confiscation of the company.

He received protection in Beijing because his current wife, Yang Shaojing, is the niece of the senior party and military leader Yang Shangkun, who was China's president at the time.

When Su first fled to Beijing in 1990, Yang family connections arranged the first of several "internal reference" articles on the case. Such articles are written by senior staff of party-controlled media organs on sensitive issues for restricted access by top leaders.

An internal reference article on the case—written by the Industrial and Commercial Daily editor, Chen Hongyu, in late 1990—said Wang Rongxuan, the then deputy party secretary of the city, had failed to issue any written orders to discipline those involved in the takeover of the company.

While Wang held a special party meeting on the case, no notes were taken and no written instructions issued, the article said.

The article was circulated to top party and government officials of Sichuan province, but Su claims no action was taken.

Wen first got into trouble with the law in December 1991 when the Chengdu Intermediate People's Court ruled against him in a dispute with the Sichuan Light Industrial Products Sales Centre.

Wen had used the name of the property development company's investment fund to take on a consignment of Rmb1.1m [renminbi] (HK\$900,770 [Hong Kong dollars]) worth of goods from the light industry company, hoping to resell it later at a big profit.

After Wen reneged on the debt, the investment fund was forced to pay the money, even though investors claimed he had no authorisation to conduct such business.

Wen had mainly taken refrigerators, alcohol, gold and televisions—although it is not clear where the goods went.

By the time Su appealed to the provincial government in 1992, Wen had paid only Rmb700,000 for the goods he took.

Su argued that evidence uncovered in the court case about Wen's wrongdoing should have been sent on to the procuratorate-general or public security authorities for criminal investigation. The court had said there was not enough evidence to support such charges.

The Sichuan procuratorate later admitted that Wen's "mismanagement" was to blame for the Rmb400,000 that was never paid, but stopped short of taking disciplinary action.

Allegations of embezzlement also surrounded Wen's dealings with the head of the investment fund, Hu Zuokui.

Six overseas Chinese investors in the company accused Wen and Hu of illegally borrowing a total of Rmb4.57m from the investment fund none of which had been returned—in a December 1991 letter written to the then Chengdu deputy party secretary, Wang Rongxuan (now mayor), and former party secretary, Wu Xihai (now a member of China's political consultative body).

The letter said Wen took Rmb390,000 for himself and used another Rmb800,000 as bail after Hu was detained on charges of fraud in a case in Zhuhai.

The rest of the funds were unaccounted for.

Savings in an investment fund under the company had reached Rmb36m when the letter was written.

In a letter to the Sichuan procuratorate general in March 1992, Su charged that Wang Rongxuan and the party secretary of the federation, Zhao Bingyue, had protected Wen from being disciplined after the body set up a joint provincial city team to reinvestigate the case.

Su also said Wen should have been tried on criminal charges for unlawfully firing him, confiscating his personal investment of Rmb320,000 in the company and ransacking the office.

Company annual reports show that because of the ransacking of the office, staff were forced to set up temporary offices at work sites in order to continue work on low-cost housing projects in Chengdu.

Between 1992 and this year, Su has made several more trips to Beijing and pressure has mounted on the Sichuan government to reopen the case and impose disciplinary measures.

In March the first signs of a change of heart among Sichuan officials appeared.

The Sichuan procuratorate called on Chengdu officials to restore Su to president of the company or alternatively "make proper arrangements" for him, usually taken to mean monetary compensation. It added that it was "considering" disciplinary action against Wen. But Su is uninterested in monetary compensation and insists the investigation must go to higher levels.

"Although the [Sichuan] government made certain statements, there has been no result," Su told the Supreme People's Procuratorate in Beijing in a letter last month.

In a veiled reference to charges presented to Beijing that senior officials in Chengdu received some of the funds allegedly embezzled by Wen, Su called for "all those responsible" to be disciplined.

Now Beijing has decided to step into the case.

Su returned from Beijing last week, where Yu Xueru, the head of the Number Nine Office of the Supreme People's Procuratorate—handling Sichuan affairs—promised to force his provincial counterpart to reopen the case.

Speaking to Eastern Express from Chengdu, Su indicated his demands that higher levels be investigated will be met.

"Mr Yu has promised complete satisfaction," he said.

The Chengdu party secretary, Huang Ymkui, has been ordered to provide a written report to Yu on the case by the end of this month, Su said.

Su admitted it was the Yang family that made it possible to bring the case to the attention of the central government. "Yang [Shangkun] does not allow family members to get involved personally in cases. But they helped get my materials to the right people," he said.

Su has stepped forward to reveal details of the case because, as he said, "supervision of officials by public opinion is not adequate in China".

"After four years of frustration, I feel only by using the free press of Hong Kong can anything be accomplished," he said.

Northeast Region

Heilongjiang Acting Governor Addresses Standing Committee

SK0206083794 Harbin HEILONGJIANG RIBAO in Chinese 22 May 94 pp 1, 3

[Report given by Acting Governor Tian Fengshan at the provincial people's congress standing committee meeting on 20 May]

[Text] Chairman, Vice Chairmen, Secretaries General, and all Committee Members:

This chairmanship meeting of the provincial people's congress has nominated me as a candidate for vice

governor and acting governor. I feel very uneasy. The party and the people have entrusted me with a very heavy task. They have not only shown great confidence in me but also entrusted me with heavy responsibility and set higher demands on me. I deeply feel the heavy responsibility and big pressure on me. In my case, although I have been trained and educated by the party for many years and successively assumed leadership work in townships, counties, prefectures, cities, and the province with the help and support of the veteran comrades, and have gained understandings in the work of the grass roots and some aspects, however, measuring the requirements of this post, my practical experience, organizational ability, and leadership level still fall short of the requirements. I am afraid that I may create great losses to the party's cause and disappoint the expectations of the party and the people. If my nomination to the posts is approved, all I can do is to pluck up my courage, undertake the heavy tasks, and try my utmost to do the work well.

Under the leadership of the provincial party committee and through the efforts of the past leading bodies and the masses of cadres, our province has achieved fairly big progress in reform, opening up, economic construction, and social undertakings, laying a foundation for future work. In spite of the fact that Heilongjiang is now facing some practical problems and difficulties in economic development, however, it has its own distinctive advantages and tremendous potentials. If I am approved to be the acting governor by this people's congress standing committee meeting, I have the determination to work together with the broad masses of workers, peasants, intellectuals, and cadres at all levels across the province to conscientiously implement the guidelines of the 14th party congress and the third plenary session of the 14th CPC Central Committee under the leadership of the provincial party committee, the supervision of the people's congress and its standing committee, act in line with the 20-character policy of the Party Central committee and the overall objective on reform, development and stability defined by the second plenary session of the seventh provincial party committee and the second session of the eighth provincial people's congress early this year, carry out all sorts of major measures in a down-to-earth manner, and comprehensively fulfill this year's various work tasks. At present, we should look squarely at the problems and difficulties in front of us and recognize the good opportunity we may meet. Thanks to the endeavors of the party committee, the provincial government and all sectors, Heilongjiang's problems and difficulties have been comprehended and taken seriously by the Party Central Committee and the State Council. Entrusted by Comrades Jiang Zemin and Li Peng, Vice Premier Zhu Rongji has led responsible comrades of the relevant departments of the State Council to our province to conduct investigation and study and help us solve problems. This is a major opportunity for our province's reform, opening up, and economic development. We should treasure this opportunity, firmly grasp it, expand the dynamic of our work,

and push our future work to a new height. The key to solving our province's problems on the way of advance is to push economic development forward. Therefore, as far as we are concerned, under the situation in which the state has helped us solve some problems, it is very important for us to change concepts, keep our eyes inward and rely on our own efforts to become strong. It is necessary to give full play to our province's natural resources, trained personnel, and industrial advantages, base on ourselves and rely on our own efforts to overcome difficulties, and through solid and effective work, translate the factors that currently restrict the province's development into advantages for invigorating Heilongjiang. In line with the ideas of "five extensions and two accelerations," we should grasp well the development and construction of major projects, cultivate and develop new economic growing points, and strengthen the staying force for the national economy. Through reform, transformation, opening up, and development, we should promote state-owned large and medium-sized enterprises to change mechanisms and enhance their vitality and strength. We should consolidate agriculture, the foundation of the national economy, and vigorously increase the comprehensive economic results of agriculture. While making contributions to the state, we should further achieve development; earnestly enforce the strategy of having science and education make the province prosperous; promote the scientific and technological progress; do a good job in the work of personnel affairs; and upgrade the economic quality of the province as a whole. Only by firmly fostering the unswerving and persistent belief and determination of waging arduous struggle can we fully discern that the current difficulties are just the temporary ones cropping up along the advancing road and are possible to overcome. Thus, the province's prosperity and development will certainly be very hopeful as long as we heighten our spirit, make concerted efforts, unite as one, go all out to make the province strong, refrain from engaging in myopic behavior for a single day, and engage in our work in a down-to-earth manner for several years by displaying the indomitable spirit and will. In order to fulfill these duties and to do a good job in the government work, the acting governor expressed in his report that he is ready to make efforts in the following five aspects after the repeated meditation:

First, the government work should be strictly placed under the leadership of the provincial party committee and under the supervision of the provincial people's congress and its standing committee. The linking of work and contacts with the provincial Chinese People's Political Consultative Conference [CPPCC] committee and various democratic parties should be positively enhanced.

The provincial people's government should closely rely on the leadership of the provincial party committee. The leading body of the provincial people's government should set an example in earnestly implementing the arrangements made by the CPC Central Committee, the

State Council, and the provincial party committee, and vigorously enable the work of the government and various departments to embody the demands set in the party's basic line. As for important and major policy decisions and measures that have a bearing on reform, opening up, economic development, and social stability, it is necessary to report them to the provincial party committee in a timely manner and to ask for instruction. The provincial people's government should unwaveringly implement the guidelines, policies, and work arrangements defined by the provincial party committee. By effectively conducting our work, we should ensure the down-to-earth implementation of these guidelines, policies, and arrangements and score results in the implementation. All personnel from acting governor himself to the leading cadres and staff members of units under the provincial people's government should strengthen their sense of responsibility to the party and their sense of organization and discipline and act in unison with the CPC Central Committee in ideology and action.

In line with the provisions set in the Constitution and the local organizational law, we should actively report our work to the people's congress and its standing committee and fully respect the power and duties imposed by the law on the people's congress and its standing committee. We should also earnestly implement the decisions, resolutions, and local regulations and rules adopted by the people's congress and consciously accept the congress' supervision. These decisions, resolutions, and local regulations and rules are legally authentic and are important basis for standardizing the government conduct. The provincial people's government and its subordinate departments should earnestly implement these decisions, resolutions, and local regulations and rules and actively put forward legal motions in the course of establishing the law systems of socialist market economy so as to gradually orient the government work onto the track of legal systems. Efforts should be made to enhance the sense of democracy and legal systems; to do things strictly according to the law; to perform the administrative duties in line with the law; and to persistently take the lead in studying, enforcing, and abiding by the law. We should consciously accept the inspection conducted by the deputies of the people's congress over the government work. As for the criticism, opinions, and suggestions raised by the deputies of the people's congress and by the special committees under the people's congress, we should earnestly discuss and handle them and embody them into our practical work so as to use them to promote and improve the government work.

Governments should even more actively enhance their linking work with the provincial CPPCC committee and various democratic parties and fully attach importance on the role played by them in participating in and discussing government and political affairs and in conducting political consultation and democratic supervision. We should report in a timely manner the situation prevailing in the important and major issues to them and

earnestly listen to their opinions and suggestions relating to the government work, economic construction, and social undertakings.

Second, we should make concerted efforts, advance in a united way, and bring into full play the overall functions of the ordinary personnel of the provincial government.

We should further unify our thinking to lay a good ideological foundation for bringing into play the overall functions of the ordinary personnel of the provincial government. We should conscientiously study the basic line of the party and a series of principles and policies, conscientiously implement the important arrangements made by the party Central Committee and the State Council and the guidelines of the important instructions on the work of Heilongjiang made by the leading comrades of the central authorities, and reach common understanding on a series of major issues. My own ability and energy are limited. We should rely on the wisdom and forces of the collectives, conscientiously listen to the people's opinions when making policy decisions on major issues, carry forward democracy, pool the wisdom and efforts of the people, mobilize the enthusiasm of ordinary personnel, bring into full play the advantages of the whole, and strive to make policy decisions more democratic and scientific. According to the principles of democratic centralism and of linking responsibilities with rights, each and every government leading member and each and every functional department should bring its functions into play in dealing with the routine work of the government; and assume responsibility for its work, its own rights, and fulfill its duty according to the principle of division of work. It is necessary to strictly perfect a system of responsibility for fulfillment of assigned work, intensify a mechanism for grasping the fulfillment of work, and bring into play the main functions of leading bodies and all departments under the governments. It is necessary to further perfect and intensify the system of chiefs assuming responsibility for major work and the leadership responsibility system among each level. We should adopt effective measures to ensure that the government work is under normal and orderly operation so as to make the ordinary personnel of the governments work with one heart and soul and do solid work and to promote the progress of the economic and social undertakings.

Third, we should persist in the mass viewpoint and rely on and serve the people wholeheartedly.

The mass viewpoint is not only a requirement for the work line of the party but also a decision made according to the purpose of the party. So, we should firmly foster the mass viewpoint and regard wholeheartedly relying on and serving the people as a point to start with and conclude the government work. We should strive to mobilize the masses' enthusiasm for reform and development and fully believe and rely on the masses to rise over various difficulties cropping up in the course of advance. The government should regularly accept the supervision by the broad masses of the people so as to

make the government work more visible to the public and to enjoy the understanding and support of the masses. The major policy decisions on reform and development should be passed to the masses for discussions. We should fully listen to the voices of the masses, respect the experiences gained by the masses through practice and their pioneering spirit, and embody their aspirations. We should go all out to do solid work for the masses and always be concerned with the weal and woe of the people. At present, we should pay particular attention to the issues relating to price hikes, help the enterprises in danger and those with difficulties solve their problems, and solve the production and living problems of the poverty-stricken rural areas. We should positively and conscientiously handle the affairs that are in keeping with the interests of the people and resolutely refuse to do the things that go against the personal interests of the people so as to make the government work and all policy decisions reflect and fall in with the will of the people.

Fourth, we should study hard to ceaselessly upgrade the leadership level and the ability in controlling the overall situation.

I profoundly know that Job himself does not entrust abilities of man. Even now as I take on the post of acting governor, this does not mean my work abilities suit the work requirements. There must be a process of improvement. An important task ahead of me at present is to study again. I have to learn from books and mainly study the basic principles of Marxism, Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and the theory on socialist market economy. Simultaneously, I should also learn modern scientific and technological knowledge and modern economic, social, and administrative management methods; ceaselessly widen my own knowledge fields and upgrade my leadership abilities. We should learn from practice, regularly go down to the grass-roots units, pay attention to investigation and study, discover the new situation and study new problems in a timely manner, and sum up the experiences created by the grass-roots units and the broad masses of people so as to enrich ourselves and to guide our work. It is necessary to learn from veteran leaders and comrades. These veteran comrades have engaged in leadership work for many years and accumulated many practical experiences. They gave us lots of help in the past. I am willing to and earnestly hope that these veteran leaders and comrades will continue to offer views and suggestions for me and for the government work and enable us to avoid detours and mistakes.

Fifth, we should perform the government work honestly and diligently, do practical work, and enhance the cohesion of the government.

"One who is just will do things uprightly and one who is clean and honest will enjoy high prestige." I deeply feel

that only a clean and honest government can enjoy prestige and have cohesion. I will start with this way of doing things myself, set strict norms to keep my own conduct within proper bounds in line with the central demands, and never abuse my own power to seek personal gain or do things to harm the image of the party. Meanwhile, I will pay attention to educating my family members, children, and the functionaries around me. And on this basis, I will work together with all of you to grasp administrative honesty and diligence in the government and its subordinate units. I will uphold the principle of taking a two-handed approach in work and be tough with both, and while concentrating efforts on grasping material civilization, exert efforts to grasp the spiritual civilization. In economic activities and our routine work, I will always attach importance to the people's ideological and political work and actively promote the spirit of building our country by means of thrift and hard work, giving consideration to the overall situation, maintaining unity and cooperation, performing official work diligently, cherishing the people, and being eager to make dedications among the broad masses of cadres and the people. I will resolutely struggle against all sorts of corrupt phenomena, never avoid contradictions, never tolerate or yield to the evil, and realistically check the unhealthy trends existing in major trades and important departments that seriously affect the relationship between the government and the masses. Meanwhile, I will strengthen comprehensive management of public security, deal strict blows to all sorts of criminal activities, and maintain social stability. As the saying goes, diligence can make up for one's unskillfulness. Although my ability and level are limited, I will strive to handle the government work diligently, exert my utmost efforts, and devote more time and energy to managing each and every work well in order to make up for the deficiencies in my ability level. I will exercise strict self-discipline by using the tenet of being realistic in ideology and practical in work style and doing solid work and concentrate the major energy and attention on solving practical problems that affect the overall situation. As long as the work style of working hard and being steadfast in work and plain in living is formed and maintained in the government and its functionaries, the government will surely become one enjoying trust from the people and support from the masses.

Chairman, fellow vice chairmen, secretary general, and all committee members, I heartily thank the chairmanship meeting of the provincial people's congress standing committee for nominating me as the candidate for acting governor. If my appointment has been approved, I will act according to my report, match my words with my deeds, perform my duties well, speak less and work more, and undertake this historical heavy task with untiring efforts. If my appointment has been declined, I will continue to work hard as before, and will not disappoint your great expectations on me.

Thank your very much.

Cabinet Threatens To Take DPP To Court

OW0106141794 Taipei CNA in English 1328 GMT 1 Jun 94

[By Benjamin Yeh]

[Text] Taipei, June 1 (CNA)—The Executive Yuan on Wednesday [1 Jun] threatened to take legal action against the Democratic Progressive Party (DPP) for allegedly circulating a forged copy of an original memo written by Premier Lien Chan to state-run enterprise executives and government officials who are KMT (Kuomintang) members, urging them to let KMT legislators take a greater part in government construction projects.

Two groups of legislators from the DPP, Taiwan's major opposition party, on May 25 and May 31 separately showed local reporters the document they claimed Lien issued as a Kuomintang member.

The DPP claimed the document is clear evidence that the KMT-controlled administrative branch is trying to convey benefits to KMT members, and asked Premier Lien to step down.

The Executive Yuan issued a stern warning to the DPP on Tuesday and emphasized that the document is fabricated and intends to mislead the public. It also vowed to track down those involved in circulating the document.

Meanwhile, President Li Teng-hui, speaking in his capacity as KMT chairman before the decision-making Central Standing Committee, demanded that an investigation be made into the incident to clear Lien's name.

Vice Premier Hsu Li-teh told the committee that the document displayed by the DPP does not conform to the original written by Lien, either by content or by the date it was circulated.

Wu Chung-li, the deputy director-general of the Government Information Office, announced later in the day that the original Lien document will be publicized on Thursday.

KMT-DPP Clashes 'Paralyzing' National Assembly Session

OW0106141694 Taipei CNA in English 1339 GMT 1 Jun 94

[By Bear Li]

[Text] Taipei, June 1 (CNA)—Clashes between National Assembly members of the ruling Kuomintang (KMT) and main opposition Democratic Progressive Party (DPP) turned worse Wednesday [1 Jun], totally paralyzing the morning session.

Two DPP deputies were slightly injured during the fighting and sent to hospitals for treatment, the DPP said.

Disputing the quorum standard for starting the first-reading session to consider proposed amendments to the constitution, deputies from the two parties have engaged in free-for-alls every day since last Friday, kicking, punching, and chasing each other around the conference hall in the otherwise serene Taipei suburb of Yangmingshan.

The DPP has been insisting that the quorum must be two-thirds of the deputies, but the KMT has said one-third of members would be sufficient to proceed with the session.

No longer than one minute after the morning session started Wednesday, DPP deputies again rushed the podium and staged a sit-in, as they have done in previous days.

While KMT deputy Kuo Po-tsun, who was the day's chairman, stood on a table in an attempt to announce the commencement of proceedings, DPP members were shouting and whistling in protest.

Angered by the tactics of the DPP members, several KMT deputies rushed to the podium to remove them, which resulted in several shoving, kicking, and wrestling matches.

The two parties, however, later reached agreement in negotiations between their whips to appeal the quorum-standard question to a court of grand justices. The settlement enabled the National Assembly to go ahead with its afternoon session.

KMT To Reshuffle Central Standing Committee In Aug

OW0106141894 Taipei CNA in English 1334 GMT 1 Jun 94

[By Bear Li]

[Text] Taipei, June 1 (CNA)—The ruling Kuomintang (KMT) is scheduled to partially reshuffle its policy-making Central Standing Committee in August, party sources said Wednesday [1 Jun].

The second conference of the party's Central Committee and Central Advisory Committee will meet on Aug. 26-27 to elect 15 Central Committee members to fill seats in the Central Standing Committee, they said. The 15 currently serving Central Standing Committee members may be re-elected.

The remaining 16 Central Standing Committee members were appointed by the KMT's chairman, ROC (Republic of China) president, last year, and will serve until the next party congress.

More than 800 members of the two committees and ranking party officials will take part in the August conference, which will be held at Sun Yat-Sen Memorial Hall in downtown Taipei. The KMT held the first such meeting last August.

The conference will hear reports on political and party affairs, cross-strait relations and international politics.

New CAL President Emphasizes 'Air Safety'

OW0206092494 Taipei CNA in English 0725 GMT 2 Jun 94

[By Lilian Wu]

[Text] Taipei, June 2 (CNA)—Fu Chun-fan, new president of China Airlines (CAL), said Thursday [2 Jun] that CAL will stress air safety following the CAL plane crash in Japan in April.

Fu made the remarks when he took over the CAL presidency from Yuan Hsing-yuan, who resigned earlier to take responsibility for the tragic disaster in Nagoya, Japan in which 264 of the 271 aboard were killed.

Fu, 52, said air safety will be CAL's top priority and CAL will also work to provide the best service to passengers. He stressed that stringent safety standards requirements will help ensure air safety.

Fu, who first served as a CAL counter clerk in 1966, becomes the first civilian to take the CAL's helm.

Fu also took the opportunity to refute reports in the United States media that the U.S. Federal Aviation Administration (FAA) will suspend CAL flights to the United States because of the Nagoya crash.

Fu said that Anthony Broderick, FAA associate administrator, was misquoted in THE WASHINGTON POST, which reported on the FAA decision.

Fu also voiced his discontent over Japanese media reports that have not been confirmed by a Japanese task force investigating the cause of the air crash.

Fu said Japanese reports that traces of alcohol had been found in the blood of the pilot and co-pilot of the ill-fated plane were not only unfair to CAL but also a serious violation of international practice.

Fu said that he has conveyed his discontent to the special task force in Japan. This is the first time a high-ranking CAL official has openly voiced discontent about Japanese media reports on the disaster.

During the change over ceremony Wednesday, Chiang Hung-yi took over the post of CAL chairman from Liu The-min.

Chiang, 68, said that his top priority will be to deal with the aftermath of the Nagoya plane crash and to step up air safety.

Vice Premier Says UK Parliament Report 'Encouraging'

HK0206060494 Hong Kong HONGKONG STANDARD in English 2 Jun 94 p 7

[By Cery Huang, China Editor]

[Text] Taiwan's Vice-Premier Hsu Li-teh described a recent British House of Commons Foreign Affairs Select Committee's report as encouraging, saying it was a new development in British policy towards the island republic.

The report, issued in mid-April, urges the British government to strengthen ties with Taipei, Beijing's rival, in a move described by some observers as playing the Taiwan card.

In a meeting with a visiting delegation of Hong Kong media executives, Mr Hsu said Taipei's reaction to the British parliament report was positive. But, according to him, the Executive Yuan, Taiwan's cabinet, has yet to study the thick document.

"The report indicated something new in British foreign policy towards the Republic of China," Mr Hsu said.

China reacted furiously to the House of Commons 110-page report on China including Hong Kong and Taiwan, criticising it as an "infringement" of its internal affairs.

The vice-premier dismissed suggestions that Britain was playing the Taiwan card to improve its position in dealing with China over thorny Hong Kong issues.

Mr Hsu said Taiwan was eager to strengthen ties with all the western nations including Britain but relations between the island republic and the United Kingdom have not been smooth in years.

He said one of the major targets of Taiwan's diplomatic strategy was to fight for larger international space and increased communications and exchanges with the world community. However, the vice premier said Taiwan's relations with the British could be influenced by two crucial factors—the relationship between the two rivals across the Taiwan straits and that between Beijing and London.

He said Taiwan's foreign policy was not hostile towards the mainland communist regime. Rather, it was aimed at ensuring the survival and development of the island.

"We have no desire to produce a foreign policy that is hostile towards the mainland and what we are exploring in the process of policy-making is to seek survival and development for the island," he said. The senior ruling Kuomintang party official said he was optimistic about the prospect of reunification with mainland China and he himself was ready to return to and live on the mainland once the dream of reunification was realised.

"I am very optimistic about the prospect because changes have been going on rapidly," he said.

Mr Hsu said he would like to be a mainlander rather than a Taiwanese.

Among the preconditions for reunification are the narrowing of living standards, lifestyles, ideology and social systems.

Drug Abusers, Traffickers Estimated at 200,000

OW0106160694 Taipei CNA in English 1344 GMT 1 Jun 94

[By Lilian Wu]

[Text] Taipei, June 1 (CNA)—Justice Minister Ma Ying-jeou said Wednesday [1 Jun] that there are 200,000 drug abusers and traffickers in Taiwan, and that the drug problem on the island has reached an alarming state.

Ma, speaking to the press two days before a national anti-drug conference is set to start, said, that although the supply and use of amphetamines had dropped 20 percent in the first four months this year, the first such decrease since 1990, the supply and use of heroin has increased 66 percent.

Despite the jump in heroin use, though, he claimed that illicit drugs are reportedly in short supply—a sign that the war on drugs declared by Premier Lien Chan last year has begun to show results.

Ma reported that the supply of drugs was at its highest level last year, when law enforcement authorities seized 1,110 kilograms of heroin and 3,375 kilograms of amphetamines.

He said 47,000 inmates in Taiwan prisons last year, or 31 percent of the prison population, were in for drug-related crimes. The figure was several times that of the past few years, he said, adding that drug-related crimes have taken precedence over theft and robbery.

Speaking on the strategy to combat the drug problem, Ma said the Justice Ministry would draft a law to prevent drug kingpins from laundering drug money, and will target specific age groups in its anti-drug drive.

Statistics show that 30 percent of drug-related crimes in the first four months this year were committed by people aged between 12 and 24 years old.

Trade Representative to El Salvador Discussed

OW0106141594 Taipei CNA in English 1258 GMT 1 Jun 94

[By Flor Wang, Huang Kwang-chun, and Luo Kwang-jen]

[Text] San Salvador, May 31 (CNA)—In a bid to further help Taiwan investors in El Salvador, the government is

considering designating a trade representative in its embassy here, Economic Affairs Minister P. K. Chiang said Tuesday [31 May].

Chiang, who is accompanying Premier Lien Chan on his May 29-June 7 Central American tour, said investors from the Republic of China (ROC), especially textile, footwear and umbrella makers, should consider El Salvador when choosing overseas production sites, given that labor and production costs in many Southeast Asian countries are rising.

Although many investors who have set up businesses here have lauded the favorable investment climate, the ROC Government believes assigning a trade representative will be necessary to help increase the number of Taiwan investors interested in expanding into El Salvador, Chiang said.

Chiang said the government will decide on whether to assign a trade representative to El Salvador after he holds talks with Ambassador Andrew J. P. Shen and Taiwan investors in the country.

Currently, ROC diplomatic missions in Panama, Guatemala, Costa Rica, and Honduras include a trade representative.

Meanwhile, newly designated Salvadoran Foreign Affairs Minister Oscar Alfredo Santamaria and Economic Affairs Minister Luis Enrique Cordova, said the newly installed government of President Armando Calderon Sol will take measures to simplify visa procedures for ROC citizens as a way of attracting more Taiwan investment, which he said creates jobs and helps upgrade living standards here.

As ROC agricultural missions stationed here have contributed a great deal to the social and economic development in El Salvador, bilateral ties between the two countries should be further boosted, Cordova said.

The new Salvadoran Government will also send ranking officials to Taiwan to hold investment seminars as a way of attracting additional investors, he added.

Legislative Group Leaves for Japan To Discuss Reparations

OW0106155894 Taipei CNA in English 1351 GMT 1 Jun 94

[By Lilian Wu]

[Text] Taipei, June 1 (CNA)—A legislative group left for Tokyo Wednesday [1 Jun] afternoon to discuss with the Japanese Government the reimbursement of salaries of Taiwanese soldiers forced to serve in the Japanese army during World War II.

The leader of the group, Vice Legislative Speaker Wang Chin-ping, said consultations would be on already-confirmed debts, and that the Taiwan delegation would ask, on behalf of an association formed by the Taiwanese

soldiers and their relatives, for compensation 7,000 times the soldiers' original salaries.

Wang said the demand is many times what the Japanese Government has said it would pay—about 100 times the original salaries—and that therefore, no concrete results are expected.

Although not expecting any breakthrough in this trip, he said he would try his best to make Japan realize the urgency of the matter and his hope for an early resolution.

Wang said the group would meet Thursday with Japanese officials on reparations, and will also call on leaders of the Japanese Diet during their stay.

Wang and his group will return to Taipei on Sunday.

Central Bank Changes Upper Echelon

OW0106142194 Taipei CNA in English 1312 GMT 1 Jun 94

[By Sofia Wu]

[Text] Taipei, June 1 (CNA)—Liang Kuo-shu, an economist-turned banker, took the helm of the Central Bank of China (CBC) Wednesday [1 Jun] amid high expectations.

Liang, 64, took over from Samuel Shieh, whose five-year term expired Tuesday.

A trusted economic adviser to President Li Teng-hui, Liang is the first native Taiwanese to fill the governor's post.

With a doctorate in economics, Liang has spent most of his career in banking and is considered by many as an enlightened banker who believes the central bank should adjust its policies in line with market forces.

Speaking at the changeover ceremony attended by hundreds of well-wishers, Liang said he will continue to promote financial liberalization and internationalization during his five-year tenure.

He said he will first seek to develop Taiwan into a regional "funding center" to provide capital for financial institutions and private enterprises at home and abroad. "I think this is not a difficult goal to reach as we already have a foreign currency call-loan market that allow banks to borrow and lend from each other," Liang explained.

He said he will push for faster liberalization of the local financial service markets, allowing more foreign banks to set up branches in Taiwan. "The entry of more foreign banks will facilitate our bid to become a regional funding center and eventually a regional financial hub," he noted.

Liang also said he will maintain the current "measured" easy credit policy, but will tighten monitoring of lending practices of local banks to ensure that new bank loans,

particularly medium and long-term loans, are extended to the manufacturing sector to bolster domestic economic development.

As the Taiwan economy has failed to recover as fast as expected, Liang said the central bank may induce further reductions in local interest rates to prod private investment willingness.

Noting that the central bank's most important responsibility is to maintain price stability, Liang said he won't sit idle and let the local currency's value drop drastically simply because of market speculation.

He said that although the local currency's 2.4 percent depreciation over the past month may benefit exporters, it may also fuel inflationary pressure and thus destabilize commodity price stability and hinder economic growth.

In addition, Liang said, he will make the central bank's policy-making process clear to the public, and will upgrade its level of professionalism and protect it from political interference. He also promised to let more people with a reputation for specialized knowledge and integrity take part in the bank's decision-making process.

Government To Privatize Computer Chip Program

OW0106140694 Taipei CNA in English 1303 GMT 1 Jun 94

[By Benjamin Yeh]

[Text] Taipei, June 1 (CNA)—Taiwan's semiconductor industry will take a vital step forward when the government-financed integrated-circuit development project, after four years of research, transfers its sophisticated technology to a spinoff company in October.

The project, which has cost the government NT [new Taiwan] \$6 billion (US\$222.22 million) since it started four years ago, has successfully developed the technology used in the manufacture of 16-megabyte dynamic random-access memory chips and four-megabyte static random-access memory chips.

"Transferring the hard-won technology to a private company would be the best approach to get back the research funds," an official with the Industrial Development Bureau (IDB) said.

According to the proposal presented by the IDB, the state-of-the-art technology, together with an experimental integrated-circuit factory in the Hsinchu Science-Based Industrial Park, will be transferred to a new privately run company, in which the government will have a 49 percent stake.

Local enterprises are welcome to bid to take the remaining 51 percent stake in the company, the IDB official said, adding that prospective investors are required to submit their bids before June 30.

All the bidders will be judged by not only bidding prices but their management and marketing plans, as well as their financial status, according to the official.

The evaluation will be completed in early September. A joint-venture agreement will be signed within a month after the winning bid is made public on Sept. 8.

State Petroleum Company To Step Up Investments in SRV

OW0106160594 Taipei CNA in English 1348 GMT 1 Jun 94

[By Benjamin Yeh]

[Text] Taipei, June 1 (CNA)—The state-run Chinese Petroleum Corp. (CPC) said Wednesday [1 Jun] it will step up investments in Vietnam in tandem with the government's "southern strategy."

"With the anticipated liberalization of the local oil market, the CPC has to go international while trying to consolidate its local market share," CPC Chairman Chang Tzu-yuan said in a speech marking the CPC's 48th anniversary. For now, the CPC is Taiwan's sole oil supplier.

The CPC, along with France-based Total Oil Company, signed a contract with Vietnamese authorities in February to build a refinery there, pending the results of a feasibility study on the construction site, likely environmental impact, and other factors.

Construction of the refinery is expected to begin soon after the feasibility study is completed early next year, and the refinery, with a daily capacity of 130,000 barrels, would begin commercial operations in 1999.

Some of the oil products produced by the refinery may be shipped back for local consumption, according to Chang.

Betel Nut Becomes Number One Crop

OW0106142294 Taipei CNA in English 1323 GMT 1 Jun 94

[By Y. C. Tsai]

[Text] Taipei, June 1 (CNA)—If calculated on the basis of market value, betel nut is the top agricultural item in Taiwan, officials of the Council of Agriculture (COA) said Wednesday [1 Jun].

Taiwan currently boasts about 64.5 million betel palms, they pointed out, adding that if each palm produces 413 nuts each year, annual output tops 26.63 billion nuts.

If each betel nut sells at NT\$2 (US\$0.074), the total annual value will reach NT [new Taiwan] \$53.26 billion (US\$1.97 billion), much higher than NT\$35 billion (US\$1.31 billion) in annual rice production, they elaborated.

In fact, they said, a betel nut sometimes sells for as high as NT\$20 (US\$0.74). Judging from the market value, it is no surprise why the betel nut has been touted as the "green diamond" here, they noted.

The officials pointed out that a growing number of people here have a penchant for chewing betel nuts, which is known as "Taiwan's chewing gum."

The number of betel nut chewers, which totaled about 1.8 million in 1990, might soar to 2.8 million in 1994, they noted.

Betel nut has also replaced sugarcane as Taiwan's second largest agricultural item in terms of production area, while rice remains on top, the COA officials added.

Citing the 1993 annual report on agriculture issued by the Taiwan Provincial Department of Agriculture and Forestry, the officials said the size of betel nut plantations increased from 5,772 hectares in 1983 to 41,535 hectares in 1992, marking a nearly eight-fold jump in nine years.

The dramatic increase in the size of betel nut plantations was fueled by market demand despite the government's "three-no" policy towards the nut. The policy stipulates no prohibition, no encouragement, and no promotion of betel nut use, they said.

Hong Kong

Zhu Rongji Favors Solving Nonpolitical Issues in Hong Kong

HK0106125394 Hong Kong TA KUNG PAO in Chinese
1 Jun 94 p 2

["Special dispatch": "Zhu Rongji Says Problems Regarding Practical Work During Transition Period in Hong Kong Should Be Solved as Quickly as Possible"]

[Text] Beijing, 31 May (TA KUNG PAO)—State Council Vice Premier Zhu Rongji said today that the Chinese side very much hopes that some practical issues in Hong Kong can be solved as quickly as possible during the transition period and the impact of political factors can be minimized, so as to ensure Hong Kong's ability to retain its position as a banking and trading center in the Asia-Pacific after 1997. Therefore, the Chinese side maintains that matters which are not directly connected with politics should be handed to the Sino-British Joint Liaison Group for deliberation as soon as possible, where a solution can be pursued.

This remark was made to reporters by Cheng Ming-fun, head of the Hong Kong Chamber of Commerce board of directors delegation to Beijing, after meeting with Zhu Rongji this afternoon.

Cheng Ming-fun said: At the meeting, Zhu Rongji pointed out that overseas personalities have been paying too much [guo fen 6665 0118] attention to the overheated development of China's economy. Zhu Rongji said: The scale of the large infrastructural projects that China conducted last year had virtually no match in the world. These projects included the construction of 2,000 km of railways and highways, the laying of 15 million new telephone lines, and the increase of electric energy production by 15 million kilowatts. As a result of the fast pace of development, economic overheating naturally occurred. However, initial results have been achieved through the implementation of macroregulation and control measures which began last year. For example, the growth rate of capital construction was reduced from 70 percent in the year 1992-1993 to 20-30 percent in the year 1993-1994; the exchange rate of renminbi was kept at the level of 8.7 yuan to one U.S. dollar; and the growth rate of the money supply was lowered from 100 percent in 1992 to 20 percent in 1993. Besides, since the tax-sharing system was introduced at the beginning of this year, the total tax revenue has increased by 22 percent. These figures are a clear indication that China's banking and financial sectors are moving toward stability.

Cheng Ming-fun said that Zhu Rongji's briefing has boosted his confidence in China's economic environment and he believes now is a golden time for investing in China.

Also, earlier today, the Hong Kong Chamber of Commerce board of directors delegation to Beijing met separately with the persons in charge of the China

Council for the Promotion of International Trade and the Chinese Ministry of Foreign Trade and Economic Cooperation, exchanging views on economics, trade issues, and most-favored-nation trade status.

Government To Reject Rights Body To Smooth Beijing Ties

HK0206060794 Hong Kong EASTERN EXPRESS in English 2 Jun 94 p 1

[By Sally Blyth]

[Text] The Government has turned down measures to protect human rights and increase freedom of information because of fears of upsetting China.

Anson Chan, the Chief Secretary, yesterday told a private meeting of legislators that the Government had no intention of supporting legislation that would establish a human rights commission and introduce an access to information bill. Sources said that the Chief Secretary admitted that China "had a direct bearing on the situation".

This is the first time the Government has officially admitted this and contradicts earlier suggestions that pressure from China was not an important factor. Officially, the Government says that it is still considering a number of proposals and that an announcement will be made tomorrow. The Government will announce a package of other anti-discrimination measures.

Chan made it clear to legislators that the Government would not support the human rights commission proposal tabled by the legislator Anna Wu and recommended by the House of Commons foreign affairs select committee in recent report. She also said the Government would reject the proposal for an access to information bill put forward by the legislative councillor Christine Loh.

Instead, the Government will announce tomorrow that it will incorporate the Convention on the Elimination of All Forms of Discrimination Against Women into Hong Kong law. This is a UN convention, which China has signed. The Government is believed to be in favour of drafting new laws against discrimination on the grounds of sex, age or disability. In addition it will propose the establishment of an equal opportunities commission.

These measures will not go even half way to meeting campaigners' demands for more laws to protect human rights.

Liberal minded legislators are likely to be most angered by the Government's admission that it is bowing to pressure from China over the issue. Wu last night accused the Governor, Chris Patten, of reversing his previous policy of standing up to Beijing.

She reiterated her view that the Government should first consider the opinions of the Legislative Council, which she is convinced would support her proposals. Earlier in

the week the Executive Council gave an initial thumbs down to the idea of a human rights commission.

It is believed that the Government's willingness to bend to the wishes of China is prompted by a wish for a thaw in relations, following the row over political reform. It is feared that any moves that go against China's wishes on human rights could jeopardise an agreement with China on the new airport and other key economic issues.

Lu Ping, the director of the Hong Kong and Macao Affairs Office, hit out last month at proposals by legislators to protect against human rights abuses. He said that a human rights commission would violate the Basic Law and be dismantled by Beijing after the 1997 handover.

Patten has criticised the proposal on other grounds, arguing that a human rights commission would cost the Government \$60m and would be bureaucratic and toothless.

Officials have used similar arguments in opposition to Loh's access to information bill, which they say would strain the already limited resources of the civil service.

Official on Likelihood of Rising Corruption After 1997

HK0206061094 Hong Kong EASTERN EXPRESS in English 2 Jun 94 p 1

[By Eilly Adams]

[Text] Corrupt senior mainland officials may expect to get away with abusing their power in Hong Kong after 1997, a top anti-corruption officer warned yesterday.

"With the passage of 1997 we know China is worried about how some of its senior officials use of their official positions," Tony Scott, the director of corruption prevention at the Independent Commission Against Corruption, said. "They might say, 'We can go and do the same thing in Hong Kong'. That could be a worry and one which I have heard expressed by people on the mainland."

Scott was confident that any top-level corruption would be unlikely to spread.

"If they do behave in that way (abusing power) then that could happen," he said.

"Hopefully the Special Administrative Region and our regulatory controls will ensure it doesn't happen. They are quite good at finding out when people are doing things which are wrong, unethical, criminal or outside the rules, and putting it right.

"It is an area which I think is potentially more worrying than the growth of ordinary corruption in Hong Kong.

"At this point I would say it is a slightly larger threat than Hong Kong people turning to corruption."

Scott said corruption complaints in the territory jumped from 1,542 to 1,940 in the first three months of 1994, compared with the same period last year.

He was sure the amount of graft would not change significantly after the handover of sovereignty.

Scott claimed China was serious about tackling corruption, citing recent widening laws with heavy penalties for state officials.

CPC To Exercise 'Direct Control' of Hong Kong Daily

HK0206061194 Hong Kong EASTERN EXPRESS in English 2 Jun 94 p 1

[By Bruce Gilley]

[Text] Beijing is planning to set up a newspaper in Hong Kong as pressure mounts on the territory's media to tone down criticism of its future landlord.

The Hong Kong Special Region Daily will be published under the direct control of the Chinese Communist Party after 1997.

The move would contravene repeated assurances by Beijing that the party would be barred from operating in the territory after the handover. In addition, a privately funded pro-China newspaper, the Mirror Daily, will be set up in 1996.

The two papers are expected to serve as models for what Beijing considers appropriate interpretation of Hong Kong press freedom without undermining socialism on the mainland. According to the China watching monthly Open Magazine [KAI FANG], the Hong Kong Special Region Daily will "completely reflect Beijing's point of view".

It said the move was part of overall plans to restrict press freedom in the territory after 1997 out of fears that excessive criticism of Beijing could topple the communist government. Top media cadres from the mainland would be selected to serve as senior editors at the paper.

Sources said that reporters for the new paper were already being trained during short stays at pro-China newspapers in Hong Kong. A senior deputy editor at Ta Kung Pao, Lu Fuwei, who is in poor health, is expected to be replaced by a top mainland cadre who would double as the new paper's preparatory head in Hong Kong, the sources said.

While at least five pro-Beijing papers already exist in Hong Kong, Beijing has become concerned about growing signs of independence, reflected in the strong reaction to the 12-year sentence handed down to the Ming Pao journalist Xi Yang.

Even Ta Kung Pao and Wen Wei Po, which have direct links to the Communist Party's propaganda department in Beijing, printed editorials critical of the sentence.

A prominent local pro-China figure, Xu Simin [publisher of the journal CHING PAO], said his new paper, the Mirror Daily, would be "patriotic and outspoken".

Journalists Resign Despite Reversal of Program 'Ban'

HK0206051494 Hong Kong SOUTH CHINA MORNING POST in English 2 Jun 94 pp 1, 2

[By Linda Choy]

[Text] Six senior journalists at ATV [Asia Television] decided yesterday to leave the station, even though the management capitulated in a row over the screening of a film on the 1989 Tiananmen Square massacre.

They had handed in their notice after the management moved to prevent the previously unreleased footage of the crackdown being screened late on Saturday night, almost five years to the hour since troops began moving against the pro-democracy movement.

After a meeting with senior management yesterday, the six members of the News and Public Affairs Department said they would stick to their decision to resign. They agreed to stay on until their replacements have been hired.

The 40-minute documentary, which features seven minutes of film taken by a Spanish news team from the Monument to the People's Heroes in the early hours of June 4, 1989, will go to air as they had planned. The ATV management originally ordered the suspension of the film last week, but later suggested that it could be screened at another time slot. On Tuesday [31 May], it backed down amid a public outcry over apparent self-censorship.

The company management yesterday rejected suggestions that it had decided to ban the film. Chief executive officer Mark Lee Po-on and deputy chief executive Clarence Chang Ching-po, who flew from Taiwan to attend the meeting, said that no final decision on how the documentary should be handled was ever made before late on Tuesday.

Mr Lee said the final decision then was that the news division could decide where to place the documentary. He said ATV chairman Lim Poy-yen was in support of the management's decision and was well-informed of the incident since it began.

The Governor, Chris Patten, said it was "very sad" for six senior journalists to resign from ATV. Noting the importance of a free exchange of ideas, Mr Patten said it was also important to keep management and editorial functions in any media organisation separate.

The Hong Kong Journalists' Association also expressed sorrow at the resignations, saying that they were a result of the lack of sincerity on the side of the management. The journalists, all in top positions, said the conflict between their and management's versions of the incident had made it difficult for them to stay with the company,

"It has destroyed the basis of mutual trust and cooperation," said acting news controller Poon Fu-yim. "We can see we have no mutual trust, they are saying one thing and we are saying another thing. They say their version is correct but we don't agree," said Poon.

Also resigning were assistant news controller Selina Li Yuk-lin, executive editor Lo Wing-hung, managing editor Lui Wan-sang, assignment editor Choy Pui-ying and city editor Lau Kok-wa.

"We feel our independence, our editorial policy, has been tampered with that's why we are leaving," Poon said. He said although a few more staff members might follow suit, most people in the news division were watching developments calmly.

Speaking at a press conference, Mr Lee rejected any claims that the management had ever come to a decision that the film should not be screened. Mr Lee said the journalists had submitted their resignation on a premature decision that the film would be screened on One Day programme instead of the current affairs programme News Magazine.

"We tried to put our suggestion to our colleagues in the news division that it would not be appropriate for the film to be shown in News Magazine, which is a current affairs programme to update the audience with the latest development of events," Mr Lee said. "If the film is about events happening in 1989, it is a documentary," he added.

Mr Lee denied the incident had anything to do with the independence of ATV's news division. "We place full trust on our colleagues in the news division. This is just a very, very unique case."

He said it was because of the very "suspenseful" nature of the film that special attention had been paid to it by the management.

"We are all curious about it. It presents a theory different from what we were told," Mr Lee said.

He denied that Chinese authorities had been informed of the purchase of the documentary, which tends to support the Chinese Government's insistence that no one was killed in Tiananmen Square.

Mr Chang would not explain his views on the documentary.

"News judgment is a very subjective thing," he said.

He rejected a claim that he had stated there was no way the company would change its mind regardless of any resignations.

Guangdong, Hong Kong Officials Discuss Water Supply
OW0106155794 Beijing XINHUA in English 1434
GMT 1 Jun 94

[Text] Hong Kong, June 1 (XINHUA)—A delegation from China's Guangdong Provincial Bureau of Water Conservancy and Hydropower ended a three-day business visit to the territory today.

The delegation led by the bureau's director Guan Zongzhi arrived here on May 30 for the fifth business meeting to discuss water supply to Hong Kong, said a government spokesman.

Items discussed between the two sides included a review of water supply in the 1993/94 water year, the plan for water supply in the 1994 water year, progress of works of both sides, quality of the water supply and other matters of mutual concern, the spokesman said.

Commenting on the visit, the spokesman said that officials from the Hong Kong side expressed appreciation to the Guangdong side for its continued attention in meeting the water needs of Hong Kong.

Macao

Government Plans Overseas Trade Fairs To Expand Exports

OW0106155694 Beijing XINHUA in English 1437
GMT 1 Jun 94

[Text] Macao, June 1 (XINHUA)—The Bureau for Promotion of Export under the Macao Government's Economic Department has planned to hold several trade fairs overseas for the purpose to enhance local industrial development and entrepot trade.

Sources from the Bureau for Promotion of Export said that the bureau has scheduled to send the Macao Industrial Association and the Macao Export and Import Association to participate in an International Export Commodities Fair, to be held in Beijing from June 7 to 13.

Being the largest ever before, the delegation this time will present various local industrial products, materials about Macao and some imported products such as Portuguese grape wine and electronic devices.

Following the exhibition in Beijing, the sources said, the delegation will go to Guangzhou for another trade fair which is to be held from July 2 to 8 this year.

According to the sources, the second half of the year, Macao will also participate in several trade fairs to be held in the Republic of Korea, Taiwan and Thailand.

Exports to the Asia-Pacific region have increased rapidly in recent years. In the first quarter of this year, the region absorbed 36.2 percent of Macao total export volume, which stands at 2.67 billion macao patacas (334 million U.S. dollars).

END OF

FICHE

DATE FILMED

3 JUNE 1994

